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The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 154 Number 4018 — New York, N. Y., Thursday, December 11, 1941 — Price 60 Cents a Copy

Treasury Aide Urges That State Taxes On U. S. Defense Contracts Be Permitted

A suggestion that business between individuals and the Federal Government be made subject to nondiscriminatory taxation by the States and that, likewise, business between individuals and States be subjected to Federal taxation was made on Dec. 1 by Charles L. Kades, Assistant General Counsel for the Treasury Department.

Mr. Kades proposed this in a talk before the Tax Institute of the University of Pennsylvania in Philadelphia on "State Taxation of Defense Activities." He said:

The question is one of great difficulty and delicacy. However, I might venture to suggest that serious consideration be given to making all business transactions between either Government, national or State, and a private person, subject to nondiscriminatory taxation by the other government. If this policy is to be reciprocal, it involves not only subjecting defense activities to State taxation but also eliminating the extensive and virtually uniform exemption from Federal excise taxes now granted to private persons who manufacture or

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OUR REPORTER'S REPORT

Naturally as a consequence of Sunday's treacherous onslaught by Japan against our Pacific possessions, the investment market, both seasoned and new issue, is in a state of flux.

But those who make up the market have the urge to go ahead particularly in the new financing field where it is possible to contribute in no small measure toward raising the funds which industry must have to carry through on its end in the struggle which now faces the Nation.

The underwriting fraternity fully realizes that its job will not be an easy one and that the element of risk involved will be materially increased as the fortunes of war ebb and flow. But like the rest of the Nation's industries they are committed to the task of "carrying on," keeping the dollars rolling for the battles which must be fought.

The investment market took the shocking news with its chin up and behavior of top-grade bonds, including Governments, reflected the decision of the institutional holders of such securities to refrain from anything in the way of panicky liquidation.

It should be clear to the individual investor, as well as to his larger counterpart, that dollars and securities now stand very much in the same position. For either to be worth its going value henceforth the Nation must gird

(Continued on page 1432)

U. S. Treasury Offers $1,500,000,000 of 2½% and 2% Bonds In Dec. 15 Financing

Secretary of the Treasury Morgenthau announced Dec. 4 that the subscription books for the offering made the same day of $500,000,000, or thereabouts, of 2% Treasury Bonds of 1951-55 and of $1,000,000,000, or thereabouts, of 2½% Treasury Bonds of 1967-72 closed at the close of business Dec. 4, except for the receipt of subscriptions for amounts up to and including $5,000 where the subscribers specify that delivery be made in registered bonds 90 days after the issue date. The subscription books for each of these issues were closed for the receipt of subscriptions of that class at the close of business Dec. 6.

In addition to the amount offered for public subscription, $50,000,000 of the 2½% bonds of 1967-72 may be sold to Government investment accounts during the next month.

Secretary Morgenthau announced on Dec. 8 the allotment basis for this offering. For the $1,000,000,000 of 2½% bonds the subscriptions amounted to $6,955,000,000 and the allotment was on a 15% basis. The $500,000,000 of 2% bonds were allotted on an 11% basis, with subscriptions totaling $4,695,000,000. It was further announced that all subscriptions in amounts up to $5,000, for registered bonds delivered 90 days after issue, were allotted in full.

The Treasury has for some time been endeavoring to limit purchases of its securities to the legitimate investment requirements of purchasers. Previously, however, it has not revealed its formula for determining such requirements, except that banks and trust have not been permitted to enter subscriptions for their own account in excess of 50% of their capital and surplus. In advance of the present offering, on Dec. 3, the Treasury issued a statement of the bases on which subscriptions would be entertained from the various classes of subscribers who would participate in the present offering. It was stated that the primary purpose is, so far as possible, to meet the legitimate investment requirements of the public, and to accomplish that purpose subscriptions will be grouped broadly into four classes, as follows:

Banks and Trust Companies for their own account—not to exceed 50% of capital and surplus.

Mutual Savings and Cooperative Banks, Federal Savings and Loan Associations, Trust Accounts and Investment Corporations, Pension Funds, Insurance Companies, and similar institutions and funds—not to exceed 10% of total resources.

Corporations organized for profit, and Dealers and Brokers—not to exceed 50% of net worth.

Individuals—not to exceed 50% of net worth, or 100% of cash deposited with subscription. (Note: No preferred allot-

(Continued on page 1431)

Thirtieth Annual IBA Convention Studies Changing Times

(See page 1433 and following)

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D. G. Wakeman Jr. To Be Drysdale & Co. Partner

David G. Wakeman, Jr., member of the New York Stock Exchange, will be admitted to partnership in the Exchange firm of Drysdale & Co., 71 Broadway, New York City, as of Dec. 31st. Mr. Wakeman was previously an individual floor broker.

Tegeler To Get NYSE Seat

ST. LOUIS, MO.—Jerome F. Tegeler, partner in Dempsey-Tegeler & Co., 407 North Eighth Street, will acquire the New York Stock Exchange membership of Edward S. Moore of Parrish & Co. Mr. Tegeler will continue as a partner in Dempsey-Tegeler & Co. with Timothy F. Dempsey.

Let's Be Constructive

Now as never before we must bolster and maintain the morale of the American investor who is still an important part of the kind of society we are defending by showing him the advisability of a well-invested position in carefully selected securities. There is everything to gain from a proper investment program since if we are unsuccessful in this conflict it will not make a particle of difference whether property is in cash or in other forms such as securities.

Yields of 6% to 12% now obtainable in a wide variety of discount bonds and preferred stocks will help offset the high cost of living and increased personal taxes and allow generous committments in defense bonds at necessarily low yields.

A selected list of discount securities meeting these requirements is available upon request.

G. A. SAXTON & CO., INC.
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Chicago 'Change Firms Elect Officers & Govs.

CHICAGO, ILL.—At the annual meeting of the Chicago Association of Stock Exchange Firms and the meeting of the Board of Governors of the Association, the following officers and Governors were elected:

Chairman, Thomas E. Murchison, Paul H. Davis & Co.; Vice-Chairman, Reuben Thorson, Jackson & Curtis; Treasurer, Leonard M. Sperry, Bear, Stearns & Co.; Secretary, Whitney M. Sewart.

Governors, to serve three years: Patrick F. Buckley, Harris, Upham & Co.; Fred W. Fairman, Jr., Fred W. Fairman & Co.; Leonard M. Sperry, Bear, Stearns & Co., and Edwin S. Stanley, Mitchell, Hutchins & Co.

Members of the Nominating Committee, to serve one year: Harry B. Chichester, Fred W. Fairman & Co.; Henry Grote, David A. Noyes & Co.; Kellogg Logsdon, Farwell, Chapman & Co.; Sampson Rogers, Jr., McMaster, Hutchinson & Co., and Jay N. Whipple, Bacon, Whipple & Co.

Arthur L. Hawley Now With F. S. Moseley

F. S. Moseley & Co., members of the New York Stock Exchange, announce that Arthur L. Hawley has become associated with them in their New York office, 14 Wall Street. Mr. Hawley has recently been associated with Harris, Upham & Co. and before that was a partner of the former firm of Post & Flagg for 17 years, where he was manager of the Bond Department.

D. W. Van Duyn Joins W. L. Lyons & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO — Donald W. Van Duyn has become associated with W. L. Lyons & Co., 115 East Fourth Street. Mr. Van Duyn was formerly Executive Vice-President and Manager of the Sales Department of Browning, Van Duyn, Tischler & Company and prior thereto was an officer of Nelson, Browning & Co. and was with BancOhio Securities Co. and Halsey, Stuart & Co.

Chipman & Clay To Be Dean Witter Partners

SAN FRANCISCO, CALIF. — Washburn M. Chipman and C. H. Clay, will become partners in Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges and other leading national exchanges, as of Dec. 18. Mr. Clay was formerly a partner in Keyston & Co. Mr. Chipman for a number of years has been associated with Dean Witter & Co. in the commodity department.

Jack M. Botts, Herbert E. Copp, Jr., Gino Galigani, Claud Galmarino, Thornton E. Grimes, Charles G. Heinecke, and F. Norman Killgore, all previously with Keyston & Co., are now associated with Dean Witter & Co.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Dec. 8 that the tenders for $150,000,000, or thereabouts, of 91-day Treasury bills, to be dated Dec. 10 and to mature Mar. 11, 1942, which were offered on Dec. 5, were opened at the Federal Reserve Banks on Dec. 8. The following details of this issue are revealed:

Total applied for	$403,171,000
Total accepted	150,027,000

Range for accepted bids:
High—100.

Low—99.517. Equivalent rate approximately 0.328%.

Average Price—99.926. Equivalent rate approximately 0.293%.

(23% of the amount bid for at the low prices was accepted.)

There was a maturity of a similar issue of bills on Dec. 10 in amount of $100,957,000.

Blair F. Claybaugh Opens Syracuse Office

Blair F. Claybaugh Co. announce the opening of an office in Syracuse, N. Y. in the Loew Building. The firm will maintain a direct private wire between the new Syracuse branch and the New York office at 72 Wall Street. Karl Kenneke of the New York office will supervise the Syracuse office.

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Suggests Banks Send Proxy Statements

One of the speakers at the annual meeting of the stockholders of the Bank of the Manhattan Company held last Tuesday was Luigi Criscuolo, New York financier and a stockholder of the Bank, who asked that the Bank continue its record as a pioneer and follow SEC procedure and issue proxy statements to stockholders. Mr. Criscuolo said that while banks were not required to send proxy statements to stockholders, the New Deal had caused a change in psychology in connection with corporate practice with the result that corporations were now required to inform stockholders in advance of the annual meeting who were the candidates for the Board of Directors, rather than at the annual meeting as in the past.

The speaker said most of the stockholders of the Bank did not know in advance the names of the persons who were to be presented for election as directors: neither did they know what interest they had in the Bank, or what their many affiliations consisted of; nor would they have an opportunity to propose other candidates in case they did not like the slate presented by the Management. He said he believed the Bank should next year send a proxy statement to stockholders on which would be indicated the name of each director presented as a candidate, his business affiliations, number of shares of the Bank's stock owned by such person, and, if he were a salaried officer or employee of the Bank, an indication of the salary received.

The speaker also said that as the Bank of the Manhattan Company had been a pioneer in the issuance of annual reports to stockholders, he thought the Bank should also be a pioneer in this respect, although the banking laws did not require banks to send proxy statements to stockholders. He said the Bank would benefit by this in several ways, viz:

(1) by showing its good faith to the stockholders,

(2) by its progressive attitude in pleasing its depositors and attracting other depositors,

(3) by showing the Government and the public that the Bank was conforming with the spirit of the New Deal and the idea of "truth in securities."

Mr. J. Stewart Baker told the meeting that the suggestion advanced by Mr. Criscuolo would receive the consideration of the Directors.

Cherry With Bankamerica

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Jackson Cherry, formerly in the municipal department of William R. Staats Co., has become associated with Bankamerica Co., 650 South Spring Street. In the past Mr. Cherry was manager of the municipal department for the First Cleveland Corp. and Otis & Co. of Cleveland, and prior thereto he was in business in New York City with Ewart, Adams & Bond, Estabrook & Co. and Simon & Cherry.

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NY Curb Opposes More SEC Power Over 'Changes

In its weekly bulletin "Know Your Exchange," the New York Curb Exchange states in connection with the aggrandizement of powers of the SEC over the Exchanges:

"The SEC seeks to enlarge its own powers over the exchanges by amendments to Section 19 of the Securities Exchange Act. At present the Commission may close an exchange or expel a member for violations of the Act or of SEC rules and regulations. The Commission now proposes to amend these provisions so as to obtain the added power to close an exchange or expel members for violations of the rules of the exchange itself. Furthermore, although the Commission is already authorized to alter or supplement the rules of an exchange on a long list of matters concerned with trading, it now seeks the power also to alter rules regarding election of officers and committees of an exchange and the disciplining of members. The net effect of these proposals would be to remove from the exchanges the last semblance of self-government. The proposals are, of course, opposed by the industry."

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The Security Traders Association of New York, Inc., announces the following elections for office for the year 1942.

Stanley Roggenburg

President: Stanley Roggenburg, Roggenburg & Co.

First Vice-President: Thomas Hoyt, Stein Bros. & Boyce.

Second Vice-President: Joseph Janareli, Freeman & Co.

Treasurer: George Leone, Frank C. Masterson & Co.

Secretary: Richard Goodman, Cohu & Torrey.

Directors for two years: Harry Reed, Hardy & Hardy; Willis Summers, Hoit, Rose & Troster; Richard Abbe, Van Tuyl & Abbe.

Gratuity Fund Trustees: Edgar Sheppard, Robinson, Miller & Co., and Elmer Lally, Hayden, Stone & Co.

National Committeemen: Walter Saunders, The Dominion Securities Co.; James Musson, B. J. Van Ingen & Co., Inc.; Winthrop Pizzini, B. W. Pizzini & Co., and P. Fred Fox, P. F. Fox & Co.

National Committeemen Alternates: Cyril Murphy, Muckubin, Legg & Co.; Allison Marsland, Wood, Gundy & Co.; Wellington Hunter, Hunter & Co.; Herbert May, Herbert M. May & Co., and John Reilly, J. F. Reilly & Co.

Tomorrow's Markets Walter Whyte Says——

Obviously the news from the Pacific will control prices; this news may change hourly; it is likely the market will stage a reversal within a few days, but do not buy yet; more below.

By WALTER WHYTE

There seems little point in writing about a stock market and what to expect of it when the war in the Pacific dominates it so completely. What market factors we have learned to look for, respect and follow, now have to be pushed aside. Military factors control things today. Increased earnings, larger dividends, strike settlements, even taxes, pale into insignificance in the light of the sudden change of events.

* * *

As a stock market analyst, I suppose I should appraise all the known factors impersonally and gauge their cumulative effect on the market. But being human, and confused by the news, an impersonal appraisal is almost impossible. For even though stock and bond prices play an important role in the economic structure of our country, it is life itself that is threatened today.

* * *

If we are ever again to enjoy the fruits of our labor, our well planned investment or speculative programs, we will first have to secure for ourselves and for our children the kind of life we have so long accepted as part of our regular habits.

* * *

While business as usual may be all right for the corner grocery store it is far from that for anybody in the securities business or for anyone interested in securities.

* * *

We in Wall Street, perhaps

(Continued on page 1452)

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Investors Management Co. Elects G. Roosevelt Chairman of Bd.; Sweet Pres.

The election of George Emlen Roosevelt as Chairman of the Board of Directors was announced today by Investors Management Company, Inc., one of the oldest organizations in the country supervising mutual investment funds, principally Fundamental Investors, Inc. and Investors Fund "C", Inc.

Succeeding Mr. Roosevelt's brother and late partner, Philip J. Roosevelt, as President of the company, is Philip W. K. Sweet, formerly its Vice-President.

Mr. Roosevelt was among the original organizers of the management company in 1924 and has served on its Board of Directors since its inception. He is senior partner of the estate management firm of Roosevelt & Son, established in 1797, which was instrumental in founding Investors Management Company. Mr. Roosevelt is First Vice-President and a Trustee of the Bank for Savings in the City of New York, and is a Director of the Guaranty Trust Company of New York, the Union Pacific Railroad and other corporations.

Mr. Sweet joined Investors Management Company in 1928, a few years after his graduation from Harvard University. He served successively as Assistant Analyst, Assistant Secretary and Assistant Vice-President, before being made Vice-President in charge of research in 1934.

Hugh W. Long and Company, Inc., 15 Exchange Place, Jersey City, N. J., is the underwriter for the investment funds managed by Investment Management Company.

Asks Prior Notice Of Partnership Changes

In a letter to the New York Stock Exchange membership, dated Dec. 1, the Department of Member Firms of the Exchange suggested that "before new partnership agreements or amendments thereto are executed, drafts of such documents be submitted to the Department for inspection." Under this procedure, the letter said, any changes suggested by the Department can be made in the papers prior to their being formally executed.

The Department's communication called attention of member firms to a time schedule for posting notice of admissions of new partners or proposed new partnerships.

Bodell, Gerry Devote Full Time To Trust

PROVIDENCE, R. I.—Joseph J. Bodell and Louis C. Gerry have retired as officers of Bodell & Co., Inc., 32 Custom House Street, to devote their full time to the Investors Trust Company, of which Mr. Bodell is President and Mr. Gerry Vice-President. The Investors Trust Company is an investment trust which owns all the capital stock of Bodell & Co. These changes and others in the officers and directors of the two companies were made necessary by the requirements of the Investment Trust Act which does not permit interlocking directors and officers of investment banking firms and investment trusts.

Officers of Bodell & Co., Inc. are Godfrey B. Simonds, President; Alfred James McClure, Hartford, Conn., First Vice-President; Harold H. Young, Vice-President; Howard W. Wilson, Secretary, and Timothy Dwight Boole, Treasurer. Mr. Boole has acquired the associate membership in the New York Curb Exchange formerly held by Mr. Bodell. Directors of Bodell & Co. are the officers, Robert H. Smith and Charles E. Spooner.

Mr. Simonds, Mr. Smith and Mr. Spooner have resigned as directors of the Investors Trust Company and Mr. Boole has resigned as Vice-President, Secretary and Treasurer. Officers of Investors Trust are Joseph J. Bodell, President, Louis C. Gerry, Vice-President, Secretary and Treasurer, and Arthur R. Marshall, Assistant Secretary and Assistant Treasurer. Mr. Bodell, Mr. Gerry and Harold H. Young continue as directors, with Albert E. Marshall, President of the Rumford Chemical Works, and Frederick S. Peck, Treasurer of Asa Peck & Co., as new directors.

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Will Continue Business of James M. Leopold Co.

James M. Leopold, member of the New York Stock Exchange, and Charles E. Spiegelberg announce the formation of the New York Stock Exchange firm of James M. Leopold & Co. to continue the business of the stock exchange firm of the same name organized in 1883 and dissolved October 7th this year following the death of Alfred M. Leopold, then senior partner.

James M. Leopold, who is senior partner of the new firm, is the son of the founder of the predecessor firm and nephew of Alfred M. Leopold. The new firm will continue to occupy the old offices at 64 Wall Street.

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Tel.: HAnover 2-0510 Tele.: NY 1-1073

DIVIDEND NOTICES

ARMOUR AND COMPANY

(ILLINOIS)

On November 27 a dividend of $1.50 per share on the issued and outstanding $6.00 Cumulative Convertible Prior Preferred shares of the above corporation was declared by the Board of Directors, payable on January 1, 1942 to shareholders of record on the books of the Company at the close of business on December 10, 1941.

E. L. LALUMIER, Secretary

ARMOUR AND COMPANY

OF DELAWARE

On November 27 a quarterly dividend of one and three-fourths per cent (1¾%) per share on the Preferred Capital Stock of the above corporation was declared by the Board of Directors, payable January 1, 1942 to stockholders of record on the books of the Company at the close of business December 10, 1941.

E. L. LALUMIER, Secretary

THE GARLOCK PACKING COMPANY

December 9, 1941

COMMON DIVIDEND No. 262

At a special meeting of the Board of Directors, held in Palmyra, N. Y., this day, a dividend of 75¢ per share was declared on the common stock of the Company, payable December 24, 1941, to stockholders of record at the close of business December 13, 1941.

R. M. WAPLES, *Secretary*

HOMESTAKE MINING COMPANY

Dividend No. 848

The Board of Directors has declared dividend No. 848 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable December 24, 1941, to stockholders of record 12:00 o'clock noon December 20, 1941.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, Secretary.

December 2, 1941.

IRVING TRUST COMPANY

December 4, 1941

The Board of Directors has this day declared a quarterly dividend of fifteen cents per share on the capital stock of this Company, par $10., payable January 2, 1942, to stockholders of record at the close of business December 16, 1941.

STEPHEN G. KENT
Secretary

LOEW'S INCORPORATED

"THEATRES EVERYWHERE"

December 8, 1941

THE Board of Directors on December 5th, 1941 declared a dividend at the rate of 50c. and $1.00 extra per share on the outstanding Common Stock of this Company, payable on December 31st, 1941 to stockholders of record at the close of business on December 19th, 1941. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

New York & Honduras Rosario Mining Company

120 Broadway, New York, N. Y.

December 10, 1941

DIVIDEND NO. 357

The Board of Directors of this Company, at a meeting held this day, declared a dividend of Sixty-two and one-half cents ($.62½) per share on the outstanding capital stock, payable on December 27th, 1941, to stockholders of record at the close of business on December 17th, 1941. This distribution represents the final dividend in respect of earnings for the year 1941.

WILLIAM C. LANGLEY, Treasurer.

THE SUPERHEATER COMPANY

Dividend No. 142

A dividend of fifty cents (50c.) per share on all the outstanding stock of the Company has been declared payable December 23, 1941 to stockholders of record at the close of business December 13, 1941.

M. SCHILLER, Treasurer.

UNITED FRUIT COMPANY

DIVIDEND No. 170

A dividend of one dollar per share on the capital stock of this Company has been declared payable January 15, 1942 to stockholders of record at the close of business December 18, 1941.

LIONEL W. UDELL, Treasurer.

Rownd To Be Trader for Paine Webber in Mpls.

MINNEAPOLIS, MINN.—Jack Steele, trader for Paine, Webber & Co., Rand Tower, has left to enter the munitions industry. He will be succeeded at the trading desk by Chester Rownd who has been associated with the firm for the past 17 years.

Canadian Mining Securities
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Complete statistical data available on all Canadian mines
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Members Toronto Stock Exchange
41 Broad St., New York, N. Y.
HAnover 2-7673 Tele. NY 1-1619
Toronto New York

NYSE Short Interest Higher On Nov. 28

The New York Stock Exchange announced on Dec. 5 that the short interest existing as of the close of business on the Nov. 28 settlement date, as compiled from information obtained by the New York Stock Exchange from its members and member firms, was 453,244 shares, compared with 444,745 shares on Oct. 31, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the Nov. 28 settlement date, the total short interest in all odd-lot dealers' accounts was 63,802 shares, compared with 53,221 shares, on Oct. 31. The Exchange's announcement added:

> Of the 1,234 individual stock issues listed on the Exchange on Nov. 28, there were 26 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.
>
> The number of issues in which a short interest was reported as of Nov. 28, 1941, exclusive of odd-lot dealer's short position, was 415 compared with 406 on Oct. 31, 1941.

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1939—	
Nov. 30	479,344
Dec. 29	381,689
1940—	
Jan. 31	454,922
Feb. 28	485,862
Mar. 29	488,815
Apr. 29	530,594
May 31	428,132
June 28	446,957
July 31	479,243
Aug. 30	474,033
Sept. 30	517,713
Oct. 31	530,442
Nov. 29	515,458
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244

◆

F. J. Armentrout With Collins, McDonald & Co.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—Fred J. Armentrout, formerly Secretary & Treasurer of John J. Seerley & Co. in charge of their local office, has become associated with Collins, McDonald & Co., 1009 Baltimore Avenue.

UTILITY PREFERREDS
JACKSON & CURTIS
ESTABLISHED 1879

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Henry B. Fuller** has become associated with **Trust Funds, Inc.,** 89 Broad St.

(Special to The Financial Chronicle)

BRIDGEPORT, CONN.—**Ira M. Grishaver** is now with **Hincks Bros. & Co., Inc.,** 872 Main St. Mr. Grishaver was previously connected with John M. Meyers of New York, and prior thereto was Local Manager for E. R. Davenport & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**William S. Leahy**, for a number of years with Merrill Lynch, Pierce, Fenner & Beane and Fuller, Rodney & Co., has become affiliated with **Jackson & Curtis**, 231 South La Salle St.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Kelley R. Beach** has joined the staff of Paine, Webber & Co., 209 South La Salle St. Mr. Beach was formerly with Sills, Troxell & Minton, Inc., Barney Johnson & Co., and Blake Brothers.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**James Jackson Forstall** has become associated with **Smith, Burris & Co.,** 120 South La Salle St.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Herman John Bartels** has rejoined the staff of **H. C. Hopkins & Co.,** Union Commerce Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**David W. Rider, Jr.,** and **Max Vogel** have become connected with **Fairman & Co.,** 650 South Spring St. Mr. Rider was previously with Franklin Wulff & Co., Inc.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Eugene Ellery, Jr.,** is now associated with **Pacific Company of California,** 623 South Hope St. Mr. Ellery was previously with Bingham-Walter & Co., and prior thereto was Local Manager for B. B. Robinson & Co. of Chicago, and was Manager of the Trading Department for MacFarlane & Holley, Chicago.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Robert Russell Hodge**, previously with Harriman Ripley & Co., Inc., is affiliated with **William R. Staats Co.,** 640 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Mrs. E. F. Parker** has been added to the staff of **Franklin Wulff & Co., Inc.,** 650 South Spring St.

(Special to The Financial Chronicle)

MARQUETTE, MICH.—**Walter Hopkins Steere** is now connected with **Allman, Everham & Co.,** Penobscot Building, Detroit, Mich. Mr. Steere previously was associated with Cray, McFawn & Petter.

(Special to The Financial Chronicle)

MIAMI, FLA.—**James O. S. Herring** has become associated with **United Securities Corporation,** Biscayne Building.

(Special to The Financial Chronicle)

PASADENA, CALIF.—**John H. Stone,** previously Local Manager for Morrison Bond Co., Ltd., is now with **Samuel B. Franklin & Co.,** whose main office is located at 215 West Seventh St., Los Angeles.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**J. L. Fuller** has become associated with **Franklin Wulff & Co., Inc.,** Russ Building. Mr. Fuller was formerly with Heller, Bruce & Co., and in the past was Manager of the Municipal Department for William Cavalier & Co.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**Richard K. Rasch** is now connected with Hughbanks, Incorporated, Dexter-Horton Building.

(Special to The Financial Chronicle)

SPRINGFIELD, MO.—**James Raymond Crouch** is representing **Edward D. Jones & Co.,** Boatmen's Bank Building.

◆

F. J. Garceau Is Now With S. R. Livingstone

(Special to The Financial Chronicle)

DETROIT, MICH.—Frank Joseph Garceau is now connected with S. R. Livingstone & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges. Mr. Garceau was formerly manager of the trading department of the local office of Schouten, White & Co., and prior thereto was with Alison & Co., Guy G. Wedthoff & Co., and Keane & Co.

◆

Cons. El. & Gas Analysis

The $6 cumulative preferred stock of Consolidated Electric & Gas Company offers an attractive situation at the present time, according to an analysis issued by Scherck, Richter Co., Landreth Building, St. Louis, Mo., with distinct possibilities of a price advance in the early future. Copies of the analysis which covers capital structure, earnings, etc., are available upon request from Scherck, Richter Co.

◆

Billard Now Partner

Gordon Y. Billard, in charge of the bond and stock statistical department of J. R. Williston & Co., 115 Broadway, New York City, members of the New York Stock Exchange, will become a partner in the firm Jan. 1, 1942.

◆

Latimer With Huston

(Special to The Financial Chronicle)

SEATTLE, WASH.—Arthur G. Latimer, member of the Seattle Stock Exchange and formerly in business as Arthur G. Latimer & Co., has become associated with Harold H. Huston & Co., Hoge Building.

DALLAS
Bought — Sold — Quoted
Dr. Pepper
Republic Insurance
New Mexico Gas Co. Com. & Pfd.
Great Southern Life Ins. Co.
Southwestern Life Ins. Co.
Dallas Ry. & Ter. 6% 1951
All Texas Utility Preferred Stocks
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Members of Detroit Stock Exchange
PENOBSCOT BUILDING
DETROIT, MICH.

ST. LOUIS
STIX & CO.
SAINT LOUIS
509 OLIVE ST.
Members St. Louis Stock Exchange

Curb Seat Retirement

Arrangements have been made by the New York Curb Exchange to purchase and retire the memberships of Harold W. Chapman and Allan M. Clement at $1,000 each. These are the eighteenth and nineteenth seats to be retired under the plan adopted by vote of the membership on July 20. Present market for Curb Exchange memberships is $1,000, bid by the Exchange, offered at $2,500.

◆

Courts Co. To Admit Two

ATLANTA, GA.—Courts & Co., 11 Marietta Street, N. W., members of the New York Stock Exchange, will admit John F. Glenn and William E. Huger to partnership in the firm on Jan. 1. Mr. Glenn has been associated with the firm for some years as manager of the trading department and Mr. Huger as manager of branch offices and commodity department.

◆

Irwin Spellman In NYC

Irwin S. Spellman is engagin in a general securities busines from offices at 25 Broad Street New York City, under the firm name of Irwin S. Spellman Co Mr. Spellman was recently associated with Maples & Goldschmidt of South Norwalk, Conn and prior thereto was an office of Kenneth B. Thistle Co. of New York.

◆

H. M. Eckert Co. Opens

Henry Martin Eckert has forme H. M. Eckert Co. with offices a 80 Broad Street, New York City to engage in a securities busines

SEC Applications For Broker Dealer Registry

The following applications for registration as brokers and dealers were made with the SEC on the dates indicated:

Nov. 1, 1941—Walter F. Bolte, 227 Mt. Vernon Avenue, Orange, N. J., a sole proprietorship.

Nov. 3, 1941—E. Van Benschoten, 253 West 73rd Street, New York, N. Y., Elmer Van Benschoten, sole proprietor.

Nov. 6, 1941—Godfrey & Co., Inc., 135 Broadway, New York, N. Y., Philip Godfrey, Michael J. Willen, Eva G. Godfrey, all formerly of Godfrey Investing Corp., and Donald H. Peters, officers; Real Estate Bonds and Securities Corporation, 111 West Washington Street, Chicago, Ill., Harry D. Koenig, Gertrude S. Gans and Bessie Koenig, as officers.

Nov. 7, 1941—John J. Richardson & Co., 165 Broadway, New York City, John J. Richardson, formerly in business as an individual, and Herman H. Robbie, partners.

Nov. 8, 1941—Kane & Co., 39 Broadway, New York, N. Y., Joseph Kane, sole proprietor, T Frank Kane, formerly a partner in the firm, having retired.

Nov. 10, 1941—Columbian Securities Corporation of Texas, Milam Building, San Antonio, Tex., John S. Dean, Jr., an officer of the firm in addition to Cecil J. Cox, William Wallace Payne, Gordon T. Charlton, Carl A. Meyer, and Harley Carswell; Saunders & Co., 120 South La Salle Street, Chicago, Ill., John M. Saunders and Frances E. Saunders, partners; Tax Bond Company, not inc., 120 South La Salle Street, Chicago, Ill., James Aloysius Cullen, formerly President of the Tax Bond Corporation, sole proprietor.

Nov. 12, 1941—William Nachmann-Robert W. Neumann, joint account, 50 Pine Street, New York, N. Y., Robert W. Neumann and William Nachmann as partners; Willard H. Sheldon, 343 Kellogg Avenue, Palo Alto, Calif., a sole proprietorship.

Nov. 13, 1941—Colony Company, 1054 Washington Building, Washington, D. C., Benjamin K. Fort and Willis L. Hurd, formerly officers in the firm, as partners; Alfred Shayne, 136 West 55th Street, New York City, a sole proprietorship.

Nov. 14, 1941—The Central Securities Co., 720 First National Bank Building, Omaha, Neb., Lyman G. Cross, previously President, sole proprietor, Harold H. Helme and Lee A. Huey having withdrawn; John G. Phrommer, 927 Calumet Building, Hammond, Ind., a sole proprietorship.

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REDEMPTION NOTICE

To the Holders of

LOUISVILLE AND NASHVILLE RAILROAD COMPANY

Unified Mortgage 4% Bonds with Extension Agreements of Series B due January 1, 1960 attached

and

Twenty Year Collateral Trust 4% Bonds due 1960

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Collateral Trust Indenture dated January 1, 1940, between Louisville and Nashville Railroad Company and Central Hanover Bank and Trust Company, as Trustee, and of the Supplemental Indenture dated January 1, 1940, between Louisville and Nashville Railroad Company and Central Hanover Bank and Trust Company, as Trustee, supplemental to Unified Mortgage dated June 2, 1890, from Louisville and Nashville Railroad Company to Central Trust Company of New York, as Trustee, the undersigned has elected to redeem out of unexpended sinking fund monies on deposit with the Sinking Fund Agent and does hereby call for redemption on January 1, 1942, $146,000 principal amount of bonds as indicated below at 105% of the principal amount thereof and accrued interest on the principal amount to the date of redemption. The serial numbers of the bonds to be redeemed have been selected by Central Hanover Bank and Trust Company as Sinking Fund Agent and are numbered as follows:

Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in coupon form in the denomination of $1,000 each, all prefixed with the letter B

184	2127	3371	4414	5970	6999	10251	11221	14264	15786	17111	18994	20260	24253
516	2326	3373	4516	5979	7015	10263	11286	14317	16023	17150	19107	21212	24410
601	2350	3817	4552	6286	7374	10358	11766	14484	16374	17233	19158	22054	24464
950	2658	3847	4717	6478	7580	10674	11956	14521	16467	17234	19385	22091	24543
1180	2669	3871	4724	6479	7625	10753	12938	14614	16483	17679	19568	22694	24636
1414	2872	4033	5581	6542	8195	10987	13094	14816	16510	17811	19742	22800	24682
1522	2915	4284	5582	6589	8515	11131	13457	14941	16549	18001	19840	22840	
1659	3209	4366	5752	6723	9999	11168	13657	15169	16673	18424	20048	23098	
1802	3368	4409	5836	6867	10072	11170	13776	15767	17110	18706	20059	23761	

Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in fully registered form without coupons and/or the respective portions of the principal thereof

No. BM	25	$1,000		
BM	48	$1,000		
BM	49	$1,000		
BM	316	$1,000		
BCM	7	$3,000	Out of	$100,000 principal amount
BCM	12	$1,000	Out of	$100,000 principal amount
BCM	15	$8,000	Out of	$2,300,000 principal amount
BCM	16	$6,000	Out of	$1,400,000 principal amount
BX	81	$1,000	Out of	$10,000 principal amount

Included in the numbers of the coupon bonds above drawn is a bond in the principal amount of $1,000 pledged as collateral under the Collateral Trust Indenture dated January 1, 1940, and pursuant to the provisions of the above referred to Supplemental Indenture dated January 1, 1940, Central Hanover Bank & Trust Company as Sinking Fund Agent has drawn for redemption on January 1, 1942, a $1,000 principal amount Twenty Year Collateral Trust 4% Bond due January 1, 1960, numbered as follows:

Twenty Year Collateral Trust 4% Bond due January 1, 1960, in temporary form in the denomination of $1,000.

TB 18987

On January 1, 1942, the above described Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in coupon form in the denomination of $1,000 each; the Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in fully registered form without coupons and/or the portions thereof and the Temporary Twenty Year Collateral Trust 4% Bond due January 1, 1960, in the denomination of $1,000 will become due and payable at 105% of the principal amount thereof and accrued interest on such principal amount to the date of redemption at the office of the undersigned, Room 900, 71 Broadway, New York City, and interest on said Bonds and/or said portions of fully registered Bonds so called for redemption will cease to accrue from and after said date. Said Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in coupon form should be presented for redemption and payment at said office of the undersigned on January 1, 1942, accompanied by the interest coupon maturing July 1, 1942, and all subsequent coupons. The coupons due January 1, 1942, appurtenant to said Unified Mortgage 4% Bonds with Extension Agreements of Series B attached called for redemption should be presented for collection in the usual manner. The Unified Mortgage 4% Bonds with Extension Agreements of Series B attached in fully registered form and/or the portions thereof which have been called for redemption should be presented in negotiable form and the holders thereof will receive a new bond and/or bonds for that portion of the registered Bond not called for redemption. Said Temporary Twenty Year Collateral Trust 4% Bond due January 1, 1960, called for redemption should be presented for redemption and payment at said office of the undersigned, Room 900, 71 Broadway, New York City, on January 1, 1942.

On November 8, 1941, Unified Mortgage 4% Bonds with Extension Agreements of Series B attached bearing the following distinctive numbers previously called for redemption had not been presented for payment:

BOND NUMBERS

B6498 **B9559**

LOUISVILLE AND NASHVILLE RAILROAD COMPANY
By W. J. McDONALD, Vice-President

DATED: November 8, 1941.

Railroad Reorganization Bonds

Bought—Sold

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York
Telephone—DIgby 4-4933 *Bell Teletype*—NY 1-310
RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The railroad wage controversy has finally been settled and the last threat of a possible strike was eliminated with acceptance of the compromise agreement by the "Big Five" brotherhoods on Dec. 5. The settlement clears the atmosphere so far as railroad securities are concerned and allows a more realistic evaluation of current and prospective earnings trends but, unfortunately, the means of settlement has done much to discredit procedure under the Railway Labor Act. The compromise finally reached added little to the dollar expense to the railroads (an estimated total of roundly $300,000,000 before adjustments, compared with $270,000,000 estimated for the original recommendation) but the railroads were forced to make other concessions which could hardly seem justified by any "new developments" that took place between the beginning and end of November. For one thing, the increased pay is to be made part of the basic wage and thereby is made permanent rather than temporary as suggested by the Fact Finding Board.

For another thing, the railroads (and also labor) agreed to a freezing of working rules for the duration of the emergency. While this has been hailed as removing the threat of pressure for enerous legislation (limiting of train length, etc.) by labor, the restriction placed on management is more real. It is not believed that restrictive labor sponsored legislation had much chance of success at this time in any event, but it did seem that an aggresive management campaign against "featherbedding" stood its best chances of success under present conditions when skilled labor is at a premium. It is claimed that straight time paid for but not worked, cost the railroads close to $98,000,000 last year. This alone would have offset about a third of the wage increase finally agreed upon. The time for recriminations and wishful thinking has passed, however, and prospects must be examined in the light of what actually happened.

The most important factor to bear in mind is that it will actually cost the railroads far less than the $300,000,000 or so arrived at by simply adding the increase to present payrolls. In the first place, with most roads now on a profitable basis and paying income taxes (some are even paying excess profits taxes), about $90,000,000 to $100,000,000 will be paid by the general public through a shifting of the tax burden. Secondly, recent payrolls, on which the additional cost has been estimated, do not represent normal wage costs under a continuation of similar traffic. A large proportion of the nation's carriers have been doing extraordinary maintenance work, not only to make up for work deferred during the depression era but also in anticipation of the higher wages. This actually has resulted in padded payrolls. Finally, history has proven conclusively that higher wage rates bring greater mechanization of maintenance forces, etc. Over a period of years the proportion of revenues absorbed by payrolls has varied no more than one or two percentage points regardless of wage rates, freight rates, or traffic volume.

So much for the readily discernible factors. Already, management throughout the country is taking steps to ease the impact of increased hourly rates and in the process many workers are facing the prospect of lower monthly wages and greater leasure. Overtime work is being done away with to reduce the cost of all service to the level of basic pay. Lines serving suburban areas have, or will in the near future, ordered Sunday closing of ticket offices. Solicitation offices are being closed or curtailed. Some of these moves may not seem important in themselves but in the aggregate they represent substantial potential savings and shed light on the trend of things to come. In passing it may be noted that the closings will go far towards nullifying the effects of vacations with pay.

The final consideration is that it is expected that at least some freight rate, and perhaps passenger fare, increases will be granted along the lines suggested by the Fact Finding Board. Conferences have been held and it is possible that by the time this publication has been released the actual proposals may have been filed. As an emergency matter, increased rates could become effective in seven days. An overall freight rate increase of around 6½%, with no change in passenger fares, would just about offset the gross estimated cost of the wage increase. Naturally, the wage increases are going to have a depressing effect on net in the closing months of the year as adjustments for the retroactive feature still have to be made by many carriers, control of expenses as outlined above will not be immediately complete, and any rate increase could hardly be effective in 1941. Starting in the new year, however, the effects will be modified, and, with traffic prospects still bright, a renewal of the upward trend of net is expected for at least the opening quarter.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—34 5/6, low—14¾, last—29⅛.

Railroad
Reorganization
Securities
(When Issued)

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(L. A. Gibbs, Manager Trading Department)

Bank and Insurance Stocks

This Week — Insurance Stocks

Dealers and investors in insurance stocks who reaped substantial profits in the sharp recovery of casualty stocks during 1933-1938 often ask, in view of their more "normal" market action since then, whether casualty stocks should continue to be preferred.

Best's study shows that 20 casualty stocks rose 35% in 1934, 76% in 1935, 22% in 1936 and after a 30% drop in 1937, 32% in 1938. This compares with 50 fire stocks' record of gains of 47% in 1934, 38% in 1935 and 20% in 1938, offset in part by declines of 5% in 1936 and 27% in 1937.

However, in 1939 and 1940, the fire and casualty stocks showed approximately equal appreciation, and the better-than-average recovery in casualty stocks now appears to have run its course.

This should not be taken to mean that casualty stocks are no longer attractive, as they appear to enjoy a superior investment position in several important respects. The fact that market action is now more "normal" itself is indicative that the market now appreciates casualty stocks more.

The particular advantages which continue to justify preference for casualty stocks may be summarized as follows:

(1) Better underwriting position. During the depression, casualty underwriting losses were severe. This proved to be a blessing in disguise, as it forced the companies to insist on better rates, which had been neglected in the boom years. As recovery developed, therefore, the casualty companies emerged with a sounder rate structure, making possible good underwriting profits as volume expanded.

In addition, certain loss factors such as bank failures and guarantees of real estate mortgages and bonds, which caused heavy underwriting losses in the depression, have been eliminated. Expansion in premiums and economic recovery have also brought about good profits on workmen's compensation, an unprofitable casualty line for many years in the past.

The sharp turnabout in underwriting operations of casualty companies is illustrated by the fact that whereas the companies had shown underwriting losses in 11 of the 12 years 1923-1934, with the single profitable year showing ½ of 1% profit, profits have been shown in every one of the past six years, the best year (1939) showing 7.7% profit and the average for the six years being 5.6%. The 1940 profit was 6.3%, or better than this average, and much better than late years' underwriting profits of fire companies.

Premium volume has expanded steadily from the 1933 low of $590,900,000 and for 1940 reached a new high of $869,600,000, topping the 1929 peak of $865,600,000. Judging from first half of 1941 expansion of 11%, another new high is in the making.

Casualty underwriting should continue well "in the black," now that rate structure is sounder, unprofitable lines have been eliminated and outlook for volume is favorable. Although rate reductions have been occurring in virtually all classes of casualty business, rate structure is much more reasonable than formerly and should remain so, in which event, underwriting profits may be expected as a normal development in the future—the result of establishing underwriting operations on a sound basis.

This probability of normal underwriting profits accordingly places casualty stocks in position to command real investment consideration. In investing for the long term, growth stocks should be preferred. The most important source of internal growth is "ploughed back" underwriting profits. Hence, if casualty companies have entered an era of normal underwriting profits, their growth factor should be higher than at any time in the past, as they follow the general practice of limiting dividends to investment income alone. Right now, therefore, in view of better underwriting profits, the growth factor of casualty stocks is generally higher than that of fire stocks.

For example, the 16 leading casualty stocks currently pay out in dividends an average of only 34% of operating earnings, yet at the same time afford current yields averaging over 4%. Twenty fire stocks currently pay out 62% of operating earnings and yield 3¾%.

(2) Higher leverage. As a group, casualty companies have lower capital and surplus in relation to volume of business and assets than fire companies. For 1940, premiums written ratio to capital funds was 1.4:1 for casualty companies, compared to 0.6:1 for fire companies. Assets to capital funds ratio was 2.5:1 for casualty companies, compared to 1.6:1 for fire companies.

This discrepancy is to be explained by the low growth factor of casualty companies in the past, high premium volume, the comparative "youth" of the casualty business, the combination of severe underwriting losses and depreciation in the depression and the fact that loss and claim reserves are carried for longer periods pending determination of loss claims.

Stockholders are obviously benefited by high leverage imparted to their equities, provided it is not at the sacrifice of safety. Safety factors exist, however, which minimize the factor of leverage: (1) Companies have voluntarily carried (and law now requires 50%) very liquid assets, such as cash, Governments and other "legal" investments, as coverage for policyholders' funds; (2) and companies have voluntarily carried a large percentage of highly liquid assets to offset the unstable character of underwriting in the past, as well as offset the high leverage itself.

Thus, as of Dec. 31, 1940, casualty companies kept 47% of assets in cash and Governments and another 26% in other bonds and agents' balances; compared to only 22% in total holdings of stocks. In view of the likelihood of more stable underwriting profits in the future, it is believed that casualty companies could justifiably increase their proportion of good common stocks if that course should prove prudent; but the nature of the business in any event would call for a normally high proportion of ultra-liquid assets.

(3) Liquidating values of casualty stocks, therefore, are based on highly liquid, conservative investments. During periods of common stock prosperity and appreciation, the investment results of stock-favoring fire companies could concededly be superior, but over the long-term, studies indicate that conservative investment companies with high growth factor from operating earnings have worked out since 1927 approximately the same equity growth as stock investing companies with high growth factor. If so, then it is obviously preferable to favor the conservative investing companies which incur less risk of market depreciation.

Once the "sleepers" and "forgotten stocks" in insurance stocks, therefore, casualty stocks have justified not only the non-recurring type of extra market rise resulting from appreciation from "behind the market" levels, but increased investment interest at this time, as superior growth stocks with high leverage and conservative investments.

Central-Penn National Bank
Corn Exchange Nat'l Bk. & Tr. Co.
Fidelity-Phila. Trust Co.
Penna. Co. for Ins. on Lives etc.
Philadelphia National Bank
Provident Trust Co.
Phila. Transportation Co.
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H. N. NASH & CO.
1421 Chestnut Street, Philadelphia
Phila. Phone Locust 1477
New York Phone HAnover 2-2280
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INSURANCE STOCKS
Mackubin, Legg & Company
Established 1899
Members New York Stock Exchange
BALTIMORE
Telephone—Plaza 9260
Teletype—BA 288
NEW YORK
WHitehall 3-9630
NY 1-563

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First National Bank at Pittsburgh
Peoples-Pittsburgh Trust Co.
Union Trust Company
Inquiries Invited
A. E. MASTEN & CO.
Est. 1891
PITTSBURGH, PA.
Members N. Y. Stock Exchange

Urges State Taxes On Defense Contracts

(Continued from First Page)

sell commodities to States and municipalities.

After all, Federal and State tax laws ought to apply to all citizens equally. Existing exemptions give a greater advantage to those who deal with Government than to those who deal with private enterprise.

So long as the taxation of business transactions is nondiscriminatory, it can neither prevent nor impede either the national or State Governments in carrying on their operations nor restrict their choice of the means by which they might seek to discharge their functions.

On the other hand, if Congress were to exempt defense contractors for example, from nondiscriminatory State sales or use taxes, it could seriously interfere with the revenue-raising ability of taxing authorities which depend for substantial revenues on this form of taxation. For as our national economy becomes converted from a peace-time to a war economy an ever-increasing proportion of goods and supplies will be sold for the ultimate use of the national Government, and thereby the amount of business activity intended to be tapped by State transaction taxes will be reduced.

Mr. Kades pointed out that any cost to the national Government resulting from State taxation on defense purchases would be counterbalanced by an equivalent gain to State and local governments. "The national Government, however, has more effective fiscal powers than State or local governments," he continued "And for it to pay nondiscriminatory taxes on its transactions with private business firms would help finance local public undertakings on an automatic and an impartial basis, without establishing any complicated formula for Federal aid."

Mr. Kades' address, according to a Treasury announcement, was the first declaration on the subject by a Treasury official since three recent Supreme Court decisions which attorneys say will have far-reaching influence on the principal of intergovernmental immunity. The three cases, in each of which the decision was unanimous, were Alabama vs. King and Boozer, in which the Court upheld the constitutionality of State sales taxation of contractors who purchase goods for use of the United States, Curry vs. United States, in which the Court held that defense contractors were not immune from the Alabama use tax, and Federal Land Bank vs. Bismark Lumber Company, in which the Court held that Congress has the power to exempt from State taxation any government agency and that a general exemption from State, municipal and local taxation includes within its bank a State sales tax which makes the purchaser liable for the tax.

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Commercial Register No. 1 Cairo
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Head Office: 26, Bishopsgate, London, E. C.
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Subscribed Capital . . . £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000
The Bank conducts every description of banking and exchange business
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Royal Bank of Scotland
Incorporated by Royal Charter 1727
Over 200 Years of Commercial Banking
HEAD OFFICE—Edinburgh
General Manager
William Whyte
Total number of offices, 258
CHIEF FOREIGN DEPARTMENT
3 Bishopsgate, London, England
Capital (fully paid) ______ £3,780,192
Reserve fund ___________ £4,125,965
Deposits _____________ £69,921,933
Associateed Bank
Williams Deacon's Bank, Ltd.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital ________ £8,780,000
Reserve Fund __________ 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1940 ________ £143,903,000
SIR ALFRED DAVIDSON, K.B.E., General Manager
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Gordon Retiring From First Nat'l Bank of Chicago

CHICAGO, ILL. — Frank M. Gordon, Vice-President of the First National Bank of Chicago in charge of the bond department, will retire on Jan. 1st, after servicing the institution for almost 50 years. His only business connection has been with the First National Bank of Chicago and the First Trust and Savings Bank, its affiliate, of which he became a Vice-President in the bond department in 1916.

Mr. Gordon has been prominent in the affairs of the Investment Bankers Association of America for many years, being President of the organization in 1932-1933.

WHISPERINGS

Years ago we remember sitting in the movies when the newsreel came on. One of the subjects was the father of the now famous Dionne quintuplets. He was asked, "how does it feel to be the father of five such cute babies? The proud father shrugged his shoulders and in a sort of minimizing voice replied: "Aw, that's nuttin." All this reminds us that **Sam Ross, statistician, of Luckhurst & Co.**, just became the proud father of twins. But unlike Papa Dionne Sam is going around with his chest out. Obviously to Sam "it's somethin'."

The other day we were told that **Jimmy Cleland, of James Cleland & Co.**, and **Bill Kumm, of Dunne & Co.**, bowled 19 games and that Jimmy was as hot as could be. For no reason at all this story brought to mind an early experience while learning how to bowl. A friend of ours, a pinboy at a neighboring alley, invited us in to teach us the game. It all looked very simple. All one does is to grab the ball by the middle finger and thumb and let fly. After listening to a few pointers on stance and other things we didn't pay any attention to we were told to take a shot. We removed our coat, rolled up our sleeves and picked up a ball. Right away we noticed that the ball was heavier than we imagined. Anyway we swung the ball back and forth a few times, stepped forward and let go. At least that is what we started out to do. But for some reason our thumb would not come out so we negotiated half the distance down the alley on our nose and chin. That was our first and only experience. Still if the New York boys, **Jimmy Cleland** and **Bill Kumm** want us to play on their team when they meet the Philadelphia contingent—well, all we can say is that it will serve them right.

Salt Lake City Commissioners recently hired a group of experts and paid them $25,000 to suggest improvements in the municipal government. After weeks of study the experts submitted their report. Among other things they advised was—abolish the Salt Lake City Commissioners.

Ralph Dimpel of E. A. Purcell & Co., entered a restaurant one day and after checking his hat and coat stood at the entrance to the main dining room waiting for a table. While standing there a lady approached him. "Are you the headwaiter?" she asked him. Startled by this question Ralph was nonplussed but not for long. He assured the lady that he wasn't a waiter at all. "Oh!" sniffed the woman, "not even a waiter!"

One of our West Coast correspondents writes that he was showing a visitor through the Hollywood studios when he and his guest came on a set where there seemed to be particular confusion. In the midst of all this a man (later identified as the producer) approached the director and pointing to a small man, one of the actors, demanded to know who he was. "He's going to play Napoleon Bonaparte," replied the director. "Are you crazy?" screamed the producer "casting such a little guy for such a big part!"

Over-Counter Review

Bristol & Willett, 115 Broadway, New York City, are distributing the December issue of their "Over-the-Counter Review," copies of which may be had upon request.

U. S. Treasury Offers $1,500,000,000 Bonds

(Continued from First Page)

ment will be made on such full-paid subscriptions.)

The Treasury's announcement further explained:

> Notwithstanding the general limitations outlined above, the Federal Reserve Banks are authorized and instructed to continue to examine applications for cash offerings of securities issued by the Treasury, and to report to the Secretary of the Treasury any which, in their judgment, require special treatment, or which appear to be excessive from the standpoint of the resources or investment practices of the subscribers, or for other reasons, with recommendation as to the acceptance, reduction, or rejection of any such applications, which recommendations will be promptly acted upon by the Secretary.
>
> The cooperation of banking institutions, and of the subscribing public generally, is earnestly solicited so that subscriptions forwarded to the Federal Reserve Banks and the Treasury will in each instance be for amounts not in excess of the limitation set forth above. Attention is again invited to the requirement that subscribers agree not to sell or otherwise dispose of their subscriptions, or of the securities which may be allotted thereon, prior to the closing of the subscription books.
>
> It is also requested that banks and others refrain from making any unsecured loans, or loans collateralized in whole or in part by the securities subscribed for, to cover the initial deposits which are required to be paid when subscriptions are entered.

The Treasury Bonds of 1967-72 are identical in all respects with the 2½% bonds sold on Oct. 9, with which they will be freely interchangeable. The bonds are dated Oct. 20, 1941, and bear interest from that date at the rate of 2½% per annum, payable semi-annually on March 15 and Sept. 15, with the first coupon due March 15, 1942, for a fractional period. The bonds will mature Sept. 15, 1972, but may be redeemed, at the option of the United States, on and after Sept. 15, 1967.

The Treasury Bonds of 1951-55 will be dated Dec. 15, 1941, and will bear interest at the rate of 2% per annum, payable semi-annually on June 15 and Dec. 15. The bonds will mature Dec. 15, 1955, but may be redeemed, at the option of the United States, on and after Dec. 15, 1951.

The total amount of 2½% bonds of 1967-72 allotted in the Oct. 9th offering was $1,589,647,550. This aggregate was made up of $1,307,419,400 allotted to the public for cash subscriptions, $93,256,850 allotted for Government investment accounts and $188,971,200 in subscriptions from holders of maturing 1¼% Treasury notes who exchange them for the new 2½% bonds.

Inasmuch as the 2½% bonds currently offered are an additional issue and are identical with those bonds sold on Oct. 9, we are omitting the Treasury's detailed description of the bonds since it appeared in our issue of Oct. 16, page 639.

Following is the text of the Treasury's official circular for the 2% bonds of 1951-55:

UNITED STATES OF AMERICA
2% Treasury Bonds of 1951-55.
Dated and bearing interest from
Dec. 15, 1941
Due Dec. 15, 1955
Redeemable at the option of the
United States at par and accrued interest on and after
Dec. 15, 1951. Interest
payable June 15 and
Dec. 15
1941
Department Circular No. 673

Fiscal Service
Bureau of the Public Debt
Treasury Department,
Office of the Secretary,
Washington, Dec. 4, 1941.

I. Offering of Bonds

1. The Secretary of Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, invites subscriptions, at par and accrued interest, from the people of the United States for 2% bonds of the United States, designated Treasury Bonds of 1951-55. The amount of the offering is $500,000,000, or thereabouts.

II. Description of Bonds

1. The bonds will be dated Dec. 15, 1941, and will bear interest from that date at the rate of 2% per annum, payable semiannually on June 15 and Dec. 15 in each year until the principal amount becomes payable. They will mature Dec. 15, 1955, but may be redeemed at the option of the United States on and after Dec. 15, 1951, in whole or in part, at par and accrued interest, from the interest day or days, on 4 months' notice of redemption given in such manner as the Secretary of the Treasury shall prescribe. In case of partial redemption the bonds to be redeemed will be determined by such method as may be prescribed by the Secretary of the Treasury. From the date of redemption designated in any such notice, interest on the bonds called for redemption shall cease.

2. The income derived from the bonds shall be subject to all Federal taxes now or hereafter imposed. The bonds shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

3. The bonds will be acceptable to secure deposits of public moneys, but will not bear the circulation privilege and will not be entitled to any privilege of conversion.

4. Bearer bonds with interest coupons attached, and bonds registered as to principal and interest, will be issued in denominations of $50, $100, $500, $1 000, $5,000, $10 000 and $100,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, and for the transfer of registered bonds, under rules and regulations prescribed by the Secretary of the Treasury.

5. The bonds will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing United States bonds.

III. Subscription and Allotment

1. Subscriptions will be received at the Federal Reserve Banks and Branches and at the Treasury Department, Washington. Subscribers must agree not to sell or otherwise dispose of their subscriptions, or of the securities which may be allotted thereon, prior to the closing of the subscription books. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Others than banking institutions will not be permitted to enter subscriptions

(Continued on page 1452)

UNION
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UNION BOND FUND "A"
UNION BOND FUND "B"
UNION BOND FUND "C"
UNION PREFERRED STOCK FUND
UNION COMMON STOCK FUND "A"
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Investment Trusts

Investment trust portfolio changes may prove a key to the markets during the crisis. To claim that the investment trust managers anticipated the sudden attack of last Sunday would be untrue. It is hardly probable that anyone anticipated either the direction, the fury or the timing of the outbreak of war.

On the other hand, most investment trusts have been prepared for any eventuality for some months. The methods of preparation have been varied. Some trusts have built up large cash positions—one had over 25% in cash and Government bonds at the time of its semi-annual report on June 30, 1941. Another fund, accustomed to substantial shifts in its portfolio as occasion has demanded had approximately 9% of its assets in cash and about 30% in preferred stocks and bonds.

A third fund has its assets almost entirely invested in sound income-paying common stocks. Other funds have taken other positions, each preparing to meet coming situations in its own way.

All of these courses cannot be perfect. Some one is going to prove better than the others. But which will prove the best no one knows. In this sense the trusts are no better off than the individual investors.

On the other hand, the trusts are alert and are studying the day to day developments. Their portfolios are liquid, and they will be able to discern the trends as they develop—to take advantage of them before the individual investor has become aware of any change in the situation.

* * *

Investment Company Briefs

The New York Letter

Volume 1, Number 1 carried this item, among others, last week:

"'TREND IN LONDON TO SPECULATION' was the heading of an article appearing recently in the New York "Times." The item opened with the observation that the London Stock Market on Nov. 17, under the stimulation of Churchill's recent more optimistic war reviews, had advanced to the highest levels since Mar. 6, 1940—before the fearsome days of Dunkirk. **On Nov. 17 our own stock market in the land of the munitions boom minus the air raids, was slumbering 32 points below Mar. 6, 1940.** The foreign corespondent opined that seemingly there was a decided change in the average Britisher's investment philosophy. With record deposits in the Bank of England, with money rates consequently abnormally cheap, English investors evidently are convinced that gilt-edge securities have about reached top prices. They are now looking to stocks for capital appreciation to meet their burdensome taxes—and the effects of inflation. I know rather intimately a professional investment technician quite successful in selling advice to important money in the metropolitan area. The London market is one of the gauges he uses in his forecasting work. Several times he has pointed out to me the remarkable similarity of trends between the London and New York Stock Markets and that usually the New York market follows a change in the London market three to six months later."

The New York Letter was introduced to the investment fraternity last week with little fanfare, but much good reading matter. Published by Hugh W. Long and Company, distributors of New York Stocks, Inc., Manhattan Bond Fund, Inc., and Fundamental Investors, Inc., this fortnightly letter, to judge by its first issue, is to become one of those rare dealer organs for which readers will vie for places on the mailing list.

* * *

First Investors' Digest

"The Directors of Wellington Fund have declared a dividend of 30 cents per share, payable Dec. 29, 1941 to stockholders of record Dec. 16, 1941. This divi-

(Continued on page 1452)

FUNDAMENTAL INVESTORS, INC.
PROSPECTUS ON REQUEST
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Municipal News & Notes

NEW ORLEANS

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and
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Whitney Bldg.
Jackson Miss. NEW ORLEANS Shreveport La.
Bell Teletype—NO 180

Declaration of a state of war between this country and Japan had repercussions early this week upon the municipal securities market. Although trading was comparatively light, State and local obligations displayed a reaction to the new status. Bids submitted for issues marketed on Monday and Tuesday showed that investment houses have revised their ideas of price, in line with the uncertainty which struck the securities markets. The number of houses competing for issues is said to have been decreased as some awaited a more stable market.

Reflecting the uncertainty and apprehension over the effect of the war on money market conditions and municipal credit generally, moderately lower bids for new issues were the rule in Tuesday's activities. These tenders resulted in the rejection of all bids received by the officials of two municipalities, while other borrowers were forced to accept higher interest cost bases on their new flotations.

Declines in Pacific Coast municipals were heaviest, naturally, since that area is most accessible to attack. Bonds of San Francisco, Los Angeles, Seattle and the State of California were off considerably from last Saturday's level and the current market is to some extent nominal, according to informed sources.

As Hemphill, Noyes & Co. of New York report in their latest bulletin:

The shock which staggered all markets on Monday was not that a shooting war had begun, but that our armed forces could be surprised. As we write, at noon on Tuesday, bewilderment is increased by the air raid siren and the suppression of news. Stocks and bonds, including municipals, are making new lows. Yesterday morning the sensitive, listed New York City Transit 3s, 1980, which had closed at 109⅝ on Saturday, went off two points immediately on small transactions and nearly three by the end of the day. This noon they are 105 and probably would make a sharp dive if even one nervous seller should come into the market with a round block to liquidate. Other issues of city bonds, ports, triboroughs, and other money market issues are off sharply.

The first test of the new issue market came at 11 o'clock yesterday morning when the bids were opened for the $463,000 Niagara Falls Serials, 1943-54, Had those bonds been sold last Friday, municipal dealers believe that there would have been several bids, some naming at least a 1.20% coupon. Yesterday there were only four bids and the successful bidder, a bank, was awarded 2s, representing a drop of about six points from what would have been a logical price last week. Municipal men agree that the buyer actually got a real bargain which could have been resold at a good profit immediately. The bid was far below what the bonds were worth, with New York City 3s off only two points at that time. They also agree that for the present no issue is likely to be sold except at a bargain price. Cities not urgently in need of funds may withdraw their offerings or reject bids, as Scranton, Pennsylvania, School District did last evening when the only two bids called for 3s, whereas 2s and 1½s were taken in the last sale just a year ago. The issue will be reoffered on Dec. 29.

Federal Tax On Municipal Bonds Scored

The IBA convention last week heard a vigorous denunciation of the attempt being made by the Federal Government to impose a tax upon the income from State and municipal bonds. The latest attack upon the proposal was levied by Austin J. Tobin, assistant general counsel of The Port of New York Authority, acting as spokesman for the Conference on State Defense. (Mr. Tobin's remarks are covered in greater detail in a separate article which appears in this issue.)

Last week's column covered similar remarks on the subject delivered before the same convention by Pat G. Morris, Vice-President of the Northern Trust Co. of Chicago, and Chairman of the Municipal Securities Committee.

Judging from the several indictments of the proposal, it is evident that the municipal fraternity considers it the fundamental problem in their particular field.

Treasury Moves For Test On Pa. Turnpike Bonds

Notices of deficiency were sent to four bondholders of the Pennsylvania Turnpike Commission last Thursday as the Treasury moved to broaden its test intended to prove ultimately in the courts that the Federal Government has the right under the Constitution to tax the income from State and municipal securities.

Notices previously had been sent to a few bondholders of the Triborough Bridge Authority and the Port of New York Authority. Those sent most recently were addressed to four trusts which also hold securities of the Triborough Bridge Authority and the Port of New York Authority but had not received notices in connection with their bonds.

Local Housing Authority Bonds Analyzed

R. W. Pressprich & Co., 68 William St., New York City, have just issued an interesting and highly informative booklet, analyzing the merits of local housing authority, series A bonds. It is pointed out that a total of over $42,000,000 of these bonds have been currently issued since February, 1940, and they have proved attractive to many investors, including experienced officers of trust companies, commercial banks, and insurance companies. This brochure has been prepared primarily for the benefit of those investors who have not as yet become acquainted with the fundamental worth of these securities.

Boston Credit Rating Analyzed

The current financial position of the city of Boston has improved during the past three years through a substantial reduction in a threatening accumulation of tax debt, according to a financial study just released by Lazard Freres & Co., 120 Broadway, New York City, which concludes that the city's obligations merit a "fairly good rating." They deserve this rating despite the fact that no fundamental correction of an extremely heavy tax burden or an unsatisfactory budgetary system has been achieved, according to the report.

FLORIDA

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MUNICIPAL BONDS

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Buffalo's Proposed Debt Equalization Plan

The following information is taken from the Dec. 1st issue of the Buffalo "News Letter," issued by Frank M. Davis, City Comptroller:

For the reason that the press has carried notices of a debt equalization or refunding plan which has been submitted to the Common Council of this city, I deem it important that readers of the Buffalo "News Letter" should receive accurate and prompt information.

First, let me say that I have not proposed refunding. All that has been done is to give the Council complete details of Buffalo's unsually high maturities for the next four fiscal years and to tell them that if there is to be any refunding, then the plan now offered is the best and most economical way to achieve it.

Briefly, the bank which proposes to head the syndicate to effect the plan, has suggested, if it be desired to stabilize Buffalo's tax rate at the present all-time high of about $31 per thousand for the next seven or eight years, and to avoid tax rates during the next four years only of from $33 to $38, then the city should now and at one time do all of the refunding which it would otherwise need to do annually for four years. Bonds to the extent of $21,655,000 would be authorized in exchange for bonds maturing in future years. The new bonds would carry until the maturity of the exchanged bonds the existing rate of interest, and beyond present maturities would carry a reduced rate of interest. If about one-half of the bonds maturing in that period could be obtained in exchange for the new bonds, Buffalo would accomplish two objectives:

1. It would never need to refund in the future.
2. The tax rate would positively be "pegged" at $31, as above explained.

It is my opinion that a once-and-for-all "clean-up" plan such as this is immeasurably better than a year-by-year approach to the problem.

I would like to stress one very important note: Buffalo is definitely not financially embarrassed. The Plan now suggested is not inspired by fear or despair. It has its basis in sane acceptance of the facts and cool thinking in the absence of anything that even verges on a crisis.

The Finance Committee of the Common Council has the entire subject matter under careful consideration.

Nebraska Properties Sold By Western P. S.

The Western Public Service Co. has sold its Nebraska properties to the Consumers Public Service Co., Columbus, Neb., for $6,800,000, W. M. Bird, President of Western Public Service, said last week. Five western Nebraska municipalities affected by the sale have agreed to proceed at once with formation of a public power district which would acquire the western division of the utility.

Municipal Forum To Meet

Henry Epstein, Solicitor General of New York State and Chairman of the Conference on State Defense, will be the principal speaker at a luncheon meeting of The Municipal Forum of New York, at Block Hall tomorrow. His subject will be "Fooling the People on Taxation," a discussion of tax exemption.

Alberta Defaults Dec. 1st Maturity

The Province of Alberta defaulted on Dec. 1st a $700,000 principal bond maturity, payable in New York, Toronto, Montreal and Edmonton. The present default carried the total since 1936 to slightly more than $22,000,000. As in previous defaults, the Province will continue to offer to pay interest at one-half the coupon rate.

Another maturity on Dec. 1st was a $6,192,000 treasury bill held by the Dominion Government as security against unemployment relief loans to the Province. The Province has asked the Dominion to renew this maturity, which bears interest at 3%.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. **The names of the successful bidder and the runner-up for the last previous issue sold are also appended.**

Dec. 11th (Today)

$925,000 Boston, Mass.

The city awarded bonds in July to a syndicate headed by Lehman Bros. of New York, while Halsey, Stuart & Co., Inc., and associates, entered the second highest bid.

Dec. 16th

$550,000 State of South Carolina

Halsey, Stuart & Co., Inc., headed the syndicate which took the issue offered on Oct. 14, beating out the Union Securities Corp. of New York, and associates.

$2,000,000 Washington Suburban San. Dist., Md.

District awarded bonds in May to a syndicate headed by R. S. Dickson & Co. of Charlotte. Second best tender was a joint offer entered by Smith Barney & Co., and the First Boston Corporation.

Dec. 18th

$3,940,000 Minneapolis, Minn.

Syndicate headed by Phelps, Fenn & Co. of New York, high bidder for bonds in August. Halsey, Stuart & Co., et al, and Salomon Bros. & Hutzler of New York, and associates, second best on the two separate issues.

Dec. 29th

$3,944,000 Orleans Levee District. La.

Bonds were awarded by the district last April to a syndicate headed by R. W. Pressprich & Co. of New York.

$519,000 Scranton, Pa. (Sch. Dist.)

These bonds were originally offered on Dec. 8, but all bids were rejected. This district awarded an issue last December to a group headed by Fox, Reusch & Co. of Cincinnati. Runner-up was E. H. Rollins & Sons, Inc., and associates.

Jan. 5th

$2,700,000 State of Minnesota

Last August the State awarded similar certificates to a group headed by the National City Bank of New York. The only other bidder was the Wells-Dickey Co. of Minneapolis, and associates.

Our Reporter's Report

(Continued from First Page)

for the job of administering a resounding and all out defeat for the perpetrators of the attack against us while negotiations seeking a peaceful settlement were still in progress.

Ready to Proceed

As an indication of the manner in which investment bankers look at the situation, it was pointed out today that at least one group is ready to go to work on a small bond and stock undertaking contemplated by the Mobile Gas Service Corporation.

This group of eight firms, subject to their ability to bid, will be in the market next Tuesday if the utility decides to go ahead with its projected offering of $1,600,000 of bonds and $600,000 of 6% preferred stock.

The following day, Wednesday, Iowa Southern Utilities is slated to offer $10,000,000 of bonds and $5,100,000 of debentures. It will be interesting to note developments in that direction.

Public Service of Indiana

In present circumstances it may be necessary for potential issuers, who had launched projects before the outbreak of war, to revise their ideas of price somewhat.

For example, there is no gainsaying the fact that bankers would like to undertake, or underwrite, the proposed $42,000,000 of Public Service Co. of Indiana bonds which are scheduled for sale next Tuesday carrying a 3⅜% coupon.

But according to reports one of the two banking groups which had figured on bidding for the bonds has had to withdraw from participation because the call for bids stipulates that no bid shall be less than 104. The other group is reported undecided on its position but is expected likewise to drop out.

How the situation has changed, pricewise, was indicated in the case of the City of Niagara Falls which received four bids for its offering of $463,000 bonds on Monday with the top tender fixed at 100.229 for 2s. It was calculated that had the war not intervened the city might have received a bid for the bonds as 1.10 per cents.

Seasoned Market

That institutions are quite disposed to hold aloof from outright jettisoning of high-grade corporates, along with being pledged to refrain from the selling side of Government issues, seems clear from the performance of the general bond market.

True, gilt-edge liens have been marked down pricewise anywhere from 1 to 4 points. But the recessions have not resulted from anything even suggesting "panicky" selling.

On the contrary there has been a complete absence of "block" selling and most bonds have fallen back in consequence of the offering of odd-lots and occasional small round-lots.

The high-grade market, in short, is viewed as greatly distorted at the moment and as reflecting chiefly the lowering of bids by potential buyers.

A Sketch of Price Levels

On only a smattering of offerings the pick of the top-grade utilities are found to be ruling 2 to 4 points or thereabouts under pre-war levels.

In only one such issue has the loss exceeded 5 points, that being Central Illinois Public Service 3⅜s, brought out in October at 107.

Syndicate bids for that bond were pulled this week and it has settled down to a 101¾ bid and 102⅛ asked basis. Pacific Coast utility issues, such as the Pacific Gas & Electric 3s of 1970, and Pacific Gas & Electric 3¾s quite naturally suffered the outside declines.

On the other hand in American Telephone & Telegraph and Illinois Bell Telephone issues declines have been less severe.

Thirtieth Annual IBA Convention Studies Changing Times

Debts And Taxes Threaten Free Enterprise Connely Warns IBA—Capital Levy Prospect

Warning that a capital levy will be inevitable if the spiral of government debt and taxes continues, Emmett F. Connely, President of the Investment Bankers Association, addressing the Association's annual convention Dec. 1, made an appeal for the "restoration in American life of private enterprise." The burden of debt in Europe after the last war, said Mr. Connely, destroyed banking on a large part of the Continent and the functions of banking were assumed by the different governments. "Every country which experienced this trend now has a socialistic, totalitarian economy," he asserted. This trend, he added, has been running its course through the world since the 1917 Communist revolution in Russia and now appears in this country.

"Men are either slave or free," Mr. Connely declared, and if the banker here is destroyed, the social effects will extend to the whole American people. "Without private capital flowing freely into business and industry, he said, there can be no such thing as free private enterprise. And without freedom of enterprise, without freedom in the sphere of economics, there can be no political freedom, no religious freedom, no civil rights as we know them."

Mr. Connely's address follows in full:

It would be no less than usual procedure were I as the President of your Association to take the time afforded me this morning to give you a routine accounting of my tenure of office. But these are unusual times—grave times—probably as serious as any our country has ever faced, and I cannot bring myself to read you a commonplace report.

As you know, I have devoted my entire time these past two years to the work of our Association, more particularly to an attempt to make our fellow citizens conscious of the vital role the investment banker plays in the American system of free enterprise. I can truthfully say to you that these have been strenuous years for me, but they have also been fascinating and worthwhile years.

I have been privileged to travel the length and breadth of this land not once, but many times. I have talked with people in all walks of life. I have had days of deep discouragement and days of great hope.

Traveling America as much as I have, one realizes how great it is and how impossible it would be to tear it down or destroy it if the people were aroused as to what is necessary to defend it.

The grave questions that face us today will be answered by no one man, nor by any one group of men. In fact they will not be answered at all, if there are not among us men forthright and outspoken enough to set up and outline what they truly believe. I regard it as no less than the duty of those of us who have been privileged to travel over the country and learn what serious men are thinking about to set forth our conclusions for the benefit of all. Only in this way will the collective mind of America find the soundest course for our nation to pursue.

Hence, I give my observations to you for your serious consideration—not as hard and fast facts to be taken or left verbatim—but simply as thoughts.

I want to ask you why this organization should exist at all, or why any organization representing bankers should continue to function? Why are we meeting here? Why do we pay dues? Why have you asked me to travel about the country? Is it merely to perpetuate something which we, for reasons sentimental or selfish, are striving to preserve?

I have often asked myself these questions. They are challenging questions. They force themselves upon the mind with increasing pressure as the economic system of our country changes. There are Americans, some of them high in authority, who would give snap answers to these questions. They know all the answers to any questions that plain people like ourselves might ask and about which we are confused. They would speak to us of the "New Day" that is "dawning." They believe that a "New Order" is on its way, if it has not already arrived. They see no reason for many of the institutions that have been normal in American life during the whole existence of this country. They ignore the value of experience!

During the past year, we in our business have had a very convincing example of this attitude. The Securities and Exchange Commission imposed compulsory competitive bidding, a ruling based upon the all-too-simple proposition that if you can sell sheep at auction you can sell investment securities the same way. This proposal was fought vigorously by the Investment Bankers Association at public hearings in Washington. The decision of the SEC to enforce this rule was in direct opposition to the great preponderance of testimony provided by men of experience. Most of us were certain that this scheme would work the *greatest* hardship not on the investment banker, but on the small investor, the little man who seeks to improve his lot, and on the widow and the orphan. The record bears out our fears. The SEC decision has been in effect for only a little more than six months, and small investors, small insurance companies, endowment funds of colleges, have seen several issues of their high grade bonds called, with the refunding issue going entirely to a few large institutional buyers. The small investor is being driven out of the market. We said at the public hearings that this would occur, but, as happens so often with governmental bureaus, the voice of experience was not heeded. Now, however, there are indications that others are going to take up the fight, and we shall continue to press for revision of this rule which recent events have proved is most definitely not in the public interest.

It is disheartening to know that the wisdom of experience is being sacrificed to theoretical opinion. No man likes to waste his time or his energy or his money on a hopelessly lost cause. Is our cause hopelessly lost? Have we a cause at all? I still think we have!

We have gone down to Washington to Congressional hearings on proposed amendments to the Securities Acts of 1933 and 1934. We believe we are making a good case for many important revisions of these hastily enacted pieces of legislation. We believe that the changes we recommend are in the public interest and will remove some of the impediments that have all but dammed up the flow of private capital into industry. I sometimes wonder why we and the bureaus that regulate us see these things so differently.

I rather imagine that many Americans are asking similar questions about their own businesses. They, too, are wondering how they continue to fit into American life. So many changes are being forced on us with such swiftness that the individual man is left wondering what is being done to him by his own government.

At this point I want to make it clear that many of these changes are not related to the war. Long before this war started, or was even being dreamed of by anyone but Hitler, a course of events was set in motion designed to remake the world. Our problem is to focus our minds upon the future so that we shall not come out of this war with our economic system completely altered, our way of living completely changed, shattered. We particularly need to grasp the essential truth concerning our relations, the relations of the investment banker to American life—now, during the war period, and after the war is over.

We do know that the investment banker has served as the agency for the spread of capital, for the diffusion of the reservoirs of savings in a thrifty America. Those reservoirs were collected from many streams, from great deposits and from tiny trickling savings. They were placed at the disposal of the inventor, the manufacturer, the miner, the farmer, the State and municipality. Those reservoirs of capital opened our country to industry and commerce. They made it possible for the man with an idea to be brought into contact with the

(Continued on Page 1435)

John S. Fleek, New IBA President, Pledges Full Support to Government In Emergency

John S. Fleek, incoming President of the Investment Bankers Association, pledged to the Government "the allegiance and full support of our industry," in an address at the closing session of the Association's 30th annual convention at Hollywood, Fla., Dec. 5. "The task before us is long, tedious and exacting," he said, but urged that the future be faced with confidence and an indomitable spirit. Following is the complete text of Mr. Fleek's speech:

I am glad that custom does not call for an extended speech from your incoming President. It is altogether fitting that this should be so. This convention belongs to Spike Connely. It has been a great convention, a most constructive convention, the capstone of a notable administration.

Facing, in the last two years, new problems and new difficulties, suffering constant harassment, threatened by confusion, alarms, and discouragement, it has been a fighting administration led by a fighting man.

Whatever results have been accomplished—and I think they have been great—none can exceed the mobilization of our industry in united effort. Never before, have so many members expended so much in time and energy—not only for the good of the investment banking business as a whole—but more importantly for the common good of American business.

As individual members of this Association, we may differ at times on policy. We may frequently disagree on method but we have again learned beyond a doubt the value of working together on a common front. In my opinion this unity of effort is the direct result of the public information work and this activity has revitalized our spirit of solidarity. The ground we have gained must not be lost. Our energies must not flag. We must be constant, vigilant, and indefatigable.

It is a coincidence that my partner, the late Warren S. Hayden, one of the group who organized our Association, became President of it in November, 1917, under conditions somewhat similar to those of today. His inaugural is in the 1917 year book and is an extraordinary address. His observations have a direct bearing on today's situation.

Let me quote a sentence here and there: He said, "We all like a fighting man, and unless a good many of us had been fighting men, this audience would be much smaller than it is today. We like the sort of man who does not quit until he is stopped; and we are not going to quit until we are stopped. . . . The reason for our existence is that we perform an indispensable service in the public interest. . . . The aim of our Association is to have the function of investment banking performed under the best conditions and by the best methods attainable. Progress toward this ideal is to the advantage of both the country and the investment bankers . . . members do not expect the Association to save them from burdens; but they do expect the Association to try to save them from burdens which they ought not to be asked to bear."

Hayden further went on to say that with the coming of a permanent peace (however remote that might be), investment bankers could look forward to the resumption of their normal activities as a matter of course. This time we cannot be so confident of such an automatic sequence of revival; for now, nothing is automatic. But, if we cannot be certain of the future, let us at least be certain of each other.

(Continued on Page 1440)

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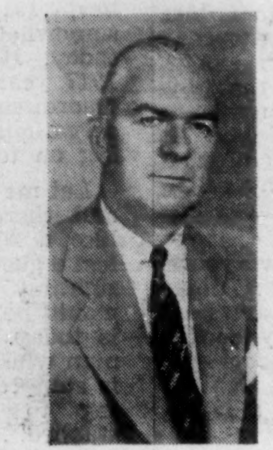

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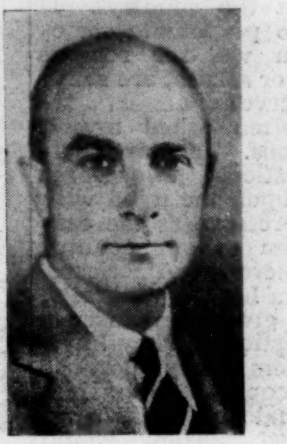

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Bennett S. Martin

Says Debts And Taxes Threaten Enterprise

(*Continued from Page 1433*)

money that would make his idea a reality. The investment banker stimulated the utilization rather than the hoarding of surplus wealth. The thrifty found an outlet for their savings and a reward for their good judgment. The brilliant and competent were provided with a bridge which brought them to the thrifty. This combination of talent and capacity and means built our country.

The investor anticipated a financial return for the use of his money. But it was not only the return to the individual that was important. Of even greater advantage to this country, has been the fact that our commercial and industrial development, except for a few railroads built in the very early days, was accomplished without Government aid, without raids upon the public treasury, without subsidies of public funds for private enterprise, without increases in taxation, without the burden of Government debt. Our magnificent record of growth from coast to coast, across mountain and plain and forest, is the tale of the investment of private capital in private enterprise by private individuals. Nowhere else upon this earth is this equally true.

Ours was an experimental civilization. We did not reject progress and growth because of Governmental red tape or politics or class distinctions. We did not reject the ideas of the inventor because they had never been tried before, nor did we say to the laborer that he might not become a great merchant or manufacturer or banker because he came from the wrong side of the tracks. In the few exceptional cases when a man or a group of men stood in the path of progress, the dynamic flow of American life surged around them, engulfed them, and continued its course. We went ahead as individuals creating, building, expanding. And we did it without fear of being wrong or of losing our money. Ours was a way of trial and error, of profit or loss. Sometimes human judgment erred. Sometimes we were overly ambitious and received a setback and gloried in it. It was part of normal living to wipe away our mistakes and start to build again. Every brick that was laid, every foot of concrete that was poured, every piece of machinery that went into the making of this land, represents in some phase the activity of the investment banker. We have not been money changers; we have been the accelerators of growth and progress.

I have been using the past tense, thus far, in this discussion. Admittedly, the world has changed. There are those who believe that because change is inevitable, it is always for the better. It is supposed to be liberal to favor any change that comes along, just because it is a change, whether it makes sense and that frightened us for brief periods. Sometimes we changed over from the obsolete to the new too swiftly and suffered temporarily. But the over-all picture for more than three hundred years of economic development on this continent has been one of progress and the constant improvement of our standards of living. The American people exulted in their successes, but they did not whine over their losses. Those were the days of worthwhile risk-taking. We lived dangerously or not; and those who oppose change are supposed to be reactionaries, copperheads, even if all experience proves that the particular change is unwise, unsound, or inept. I recently read a brilliant passage in Herbert Spencer's "Man Versus the State," in which he says:

"They have lost sight of the truth that in past times liberalism habitually stood for individual freedom versus State coercion. . . .

"How is it," he continued, "that liberals have lost sight of this? How is it that liberalism, getting more and more into power, has grown more and more coercive in its legislation? How is it that, either directly through its own majorities or indirectly through aid given in such cases to the majorities of its opponents, liberalism has to an increasing extent adopted the policy of dictating the actions of citizens, and, by consequence, diminishing the range throughout which their actions remain free? How are we to explain this spreading confusion of thought which has led it, in pursuit of what appears to be public good, to invert the method by which in earlier days it achieved public good?"

How appropriate today are Spencer's queries! How surely do they apply to our current problems, particularly to the problems of our own industry.

Change is inevitable, yes, but I am not prepared to admit that rent changes are all for the better.

Looking back, we felt no anxiety when we changed from the horse and buggy to the automobile, when we changed from the kerosene lamp to the electric light, from the country mud road to concrete highways, from handicrafts to mass production. We were elated by those changes. We felt our own strength. We reveled in our sense of power when those changes occurred. That was yesterday. What about today's changes? The United States certainly is not better off with a $60,000,000,000 national debt than it was when the national debt was a billion and a quarter dollars. The United States certainly is not better off when taxes consume so large a share of the income of all elements of our people that there is no surplus left over the cost of living for investment in the growth of our economy. The United States is certainly not better off when industry expands not on the investment of the people's savings but on loans made by agencies of the Government. The United States is surely not better off when men fear the consequences of the changes which they were led to believe were inevitable.

Whatever progress has been made since the last war is being destroyed by this war, by national debt, by the increased burden of taxation and by the rise in the power of central government. I am not speaking of our country only, but of all the world. For even apart from the present war, the past three decades have witnessed social experiments leading to an end of private enterprise and designed to achieve one form of socialism or another. Starting in Soviet Russia, these experiments first assailed continental Europe, weakening the democratic, free countries, strengthening the totalitarian, slave countries. France, Belgium, Holland, the Scandinavian lands, Poland, Czecho-Slovakia fell before the onslaught of the slave countries. Even England is imperiled by the forces of slavery. Now our country is suffering from the consequences of these designs.

The course of the present war has proved thus far that the only two countries that had developed ample powers of destruction, Germany and Soviet Russia, were those which had devoted themselves solely to destruction. The constructive free States, which were concerned with the welfare of the individual, which were anxious to preserve the political, social and economic liberties of their own people, were neither prepared for war, nor desirous of war. But these other countries—these slave countries—are not striving just to win wars. They exist to enslave human beings. Their first step for such enslavement is the abolition of private capital.

Private enterprise obviously cannot exist without private capital. For the accumulation of private capital and its distribution into private enterprise, a system of private banks came into existence, which, while generally regulated by government, exercised freedom of judgment. For generations the banker was the most respected, the most honored personage in every country.

It was the investment bankers who brought capital from the richer countries to the weak and backward countries. They made possible the migrations of people from the continent of Europe to North America; they provided the capital which the colonists used to lay out plantations and to expand into new territory. They were the operators of the East India Company, the spearhead of the European development in Asia. They stimulated the trade between Europe and Africa, Australia and New Zealand. They brought the products of China and Japan to the countries that lie on the seven seas. They established agencies for the de-

(*Continued on Page 1437*)

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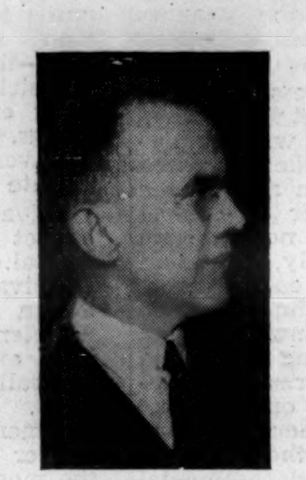
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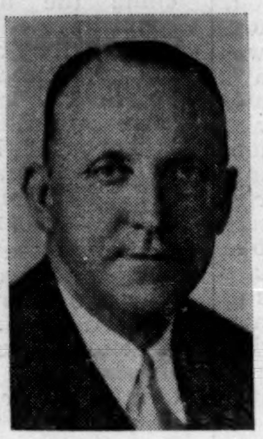
T. Edward O'Connell

Donald O'Melveny

James F. Quigg

E. Jedd Roe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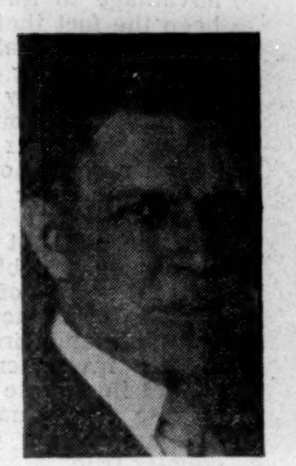
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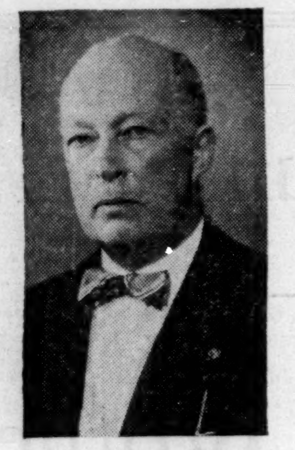
Lowry Sweney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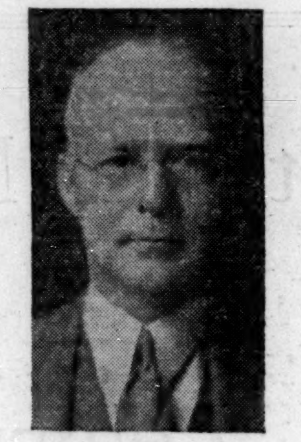
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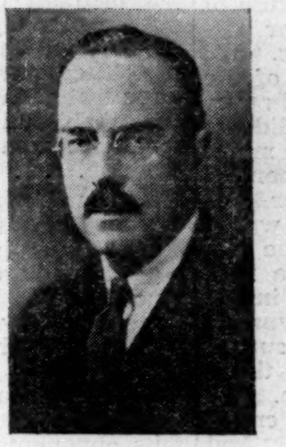
J. N. Whipple


Pearson Winslow

John M. Young

LIVING IBA PAST PRESIDENTS

1939-40-41

E. F. Connely

1938-39

Jean C. Witter

1937-38

F. E. Frothingham

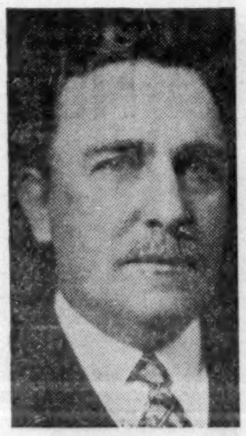
1936-37

Edward B. Hall

1935-36

Orrin G. Wood

1934


G. W. Bovenizer

1932-33

Frank M. Gordon

1931-32

Allan M. Pope

1930-31

Henry T. Ferriss

1929-30

Trowbridge Callaway

1927-28

Henry R. Hayes

1926-27

Pliny Jewell

Says Debts And Taxes Threaten Enterprise

(Continued from Page 1435)

velopment of areas in remote parts of the world which no individual enterpriser could hope to handle. Can anyone say that a body of men so useful to all mankind, has no future?

This era of development was interrupted by the last World War.

It was the resulting burden of debt, the rise in taxation and the loss in the value of money that destroyed banking in much of Europe during the last war and its inflationary aftermath. Independent groups could not survive the destructive processes of that war. No private funds were of any value when governments went bankrupt. The result was that governments set up their own central banks to replace the banker, and replaced private investment by governmental lending and subsidy, paid out of taxes and government loans. Every country which experienced this trend now has a socialistic, totalitarian economy. The standards of living of the whole people have been lowered. The middle class has been turned into a proletariat, and the proletariat is enslaved to government.

Beginning with the Russian Communist Revolution in 1917, this trend is still running its course throughout the world. It is now part of a war tendency and it is accompanied by a new series of destructive processes normal to war conditions. This trend now appears in our country. Its fangs and claws—debt, taxation and inflation—are already showing themselves. The trend rides us hard and we can only protect ourselves by standing firm and fighting it. The danger is that many enterprises soon will be in hock to government, and from being in hock to government to being taken over by government is but a short step. In some countries, it has practically been a single step. One of the principal characteristics of this trend is for socialistic governments to tax savings out of existence, and then to use the money thus raised to put private enterprise in bond to government. The outcry of our small businessmen is an indication that these processes are already squeezing the middle class to the point of extinction. What happened to banking in Europe is beginning to happen to banking here and the principal sufferer is already the thrifty, investing public. They have been propagandized into distrusting us who have served them faithfully. They will one day find themselves reduced to having no one to serve them. They will be taken over by government.

Bankers are few in number and if, in the course of revolutionary economics, they, as individuals, are wiped out, it hardly matters except to them and their families. I am therefore not speaking to you today from the standpoint of what might happen to to us as individuals. In the whole scheme of things that is hardly important. What is important, what is socially significant to the whole American people, is what effect the elimination of investment banking will have upon the economic and social institutions of our country.

Without private capital flowing freely into business and industry there can be no such thing as free private enterprise. And without freedom of enterprise, without freedom in the sphere of economics, there can be no political freedom, no religious freedom, no civil rights as we know them.

Throughout the ages the institutions of representative democracy, of civil and religious liberties, and of private enterprise have gone hand in hand. All history, including that of present day Europe, proves that our liberties are woven together into a single fabric; they are won together, and are lost together. You cannot protect the freedom of the individual in one field and abolish it in another. Men are either slave or free.

Those who oppose the American way of life usually attack the institution of private enterprise, or one of its ramifications, while protesting their devotion to representative democracy and to the preservation of civil and religious liberties. They would have us close our minds to the record of mankind which has proved over and over again that political freedom quickly comes to an end when government attempts to control the economic system of a nation.

Today, the alternative to the American system of private enterprise and to the American way of life is plainly marked for us. Communism, Fascism, National Socialism—or just call it the "New Order"—all these isms demand complete physical and mental slavery from their citizens. All tolerate no challenge and no criticism, whether it be from individuals, church, or labor union. All strip the individual of the dignities and privileges of a free man and fashion him into a part of a gigantic machine, planned and operated for the glorification of the state.

You may ask why I am so anxious as to the future of our particular business and the country in general. The reason should be so apparent: it is that there is too little resistance to the socialistic trends already evident here. We now have in this country more than 30 governmental agencies and corporations engaged in lending money. To find funds for these organizations, the government has to increase the taxes of the people. The very businesses that borrow from the government have to tax themselves to keep these lending agencies in existence. When a bank loses money, usually only its stockholders suffer; when a governmental lending agency loses money, it goes to Congress for authority to wipe the losses off its books, and the people pay those losses in new taxes. Even before we became involved in an undeclared war, our national debt had multiplied twenty times since the beginning of the last war—and a growing national debt nearly always represents losses in national wealth. Ultimately it comes out of the earnings of the people in the form of taxes or through inflation of the currency.

The fact is that the spiral of debt and taxes is forcing upon the American government the necessity for considering a capital levy which will be inevitable. And the principal sources of taxation arise from the increased earnings of a thrifty people through investments in private enterprise. That is the goose that lays the golden egg for government. But when that goose is killed and smoked and dried up — then there are no golden eggs—there are no eggs at all. Then government takes the goose — and often it is so skinny that there is nothing left even for government. Many European countries during the

(Continued on Page 1439)

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Southeastern

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Southern

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Southwestern

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Texas

M. R. Underwood

Western Penn.

Hugh D. MacBain

Says Debts And Taxes Threaten Enterprise

(Continued from Page 1437)

past twenty years have found that out.

Why can't we learn by example? Twenty-odd countries of European have gone through this experience. Their condition is not due to this war; the war is the product of their economic conditions. If we continue to follow in their footsteps, we shall fall where they fell and suffer as they suffered.

There is still time to check this drift toward a mixed economy in the United States. We are still free and we still have plenty of fat on our economic bones. We can still have private enterprise. But we—we, the American people, have to do that job. We have to understand our problems. We have to fight for our economic ideals. We have to resist the encroachments of socialism. We have to be big enough to stop thinking of our personal interests and to attack the broader problems involved not only in the revival of private investment banking in America but, more important, in the defense of the private enterprise system.

That is the system we are in danger of losing. We are about to learn—our planners say—that finance is a function of the State. When we have learned that, individual freedom will be next to go.

Is there any wonder that we see confusion all about us? Is it surprising that in these—as grave days as any our country has ever faced—we are disunited? Can thinking men be blamed for fearing for the future? Can the all-out defense effort go forward when it is hamstrung at its very source by those greedy for additional power?

We hear on many sides that capitalism has failed. Capitalism has not failed. It is because it is being thwarted that our country suffers. What we need, what we must have, is a return to capitalism, a return to the days when men and money again march together in harmony—not only for our future and that of free men everywhere, but for the more immediate problem of our defense efforts. The day America returns to true capitalism will be the day of Hitler's doom, and that of dictators everywhere. The sooner that day comes, the less the cost of this destruction will be.

I don't know how to get this story to America except by the laborious process of eduction. This Association has made an admirable start in that direction. More and more the eyes of America are being opened to the danger. I know of no greater service you can perform for your country and your children than to continue this educational work with ever-increasing vigor. If you fail after that, your consciences will at least be clear. But you will not fail. Ours is an understanding people. The average American has more reasoning ability than his counterpart in other countries. It is not without significance that in Great Britain this war has come to be "the worker's war," for the English worker has seen all too clearly what happens when tyrants come to power.

It was particularly encouraging to have Mr. Green address us last night. It was doubly gratifying his words carried to every nook and cranny of the country. Americans are thinking, and when America thinks it is not long before. America demands action.. We have come close to the precipice, but we have not fallen in. I honestly believe from what I have seen that if we act now we can edge our way back to safety.

Let each one of us, as Americans, make it our first and foremost duty to accelerate this reversal. After these years of world-wide depression, despair and war, there is so much for private savings to do. If we save private enterprise here at home, America can lead the world to greater accomplishments than any ever known. That is our destiny. We must not fail.

I don't think we will fail, because fortunately, the ranks of those who defend the institution of private enterprise are swelling with each passing day. Every segment of industry—manufacturers, retailers, investment bankers, railroaders, labor unions, each of us—has a sector of private enterprise to defend. Each of us, in our own sphere, has a portion of the line to hold against the forces of revolution and chaos. And I am encouraged when I see so many others aligned with us in interpreting private enterprise as a whole in its relation to the self-interest of individuals, and in building constructive public understanding of the place of their own industries in the broad social pattern.

The battle for understanding must go on unceasingly. It must be expanded, if we are to win this struggle against subversive world forces. And the next few years will tell the story. Even more significant than armed clashes in the war will be the clash of antagonistic social forces the world over. In our own country these forces will vie for support in every school room, from every rostrum, in every newspaper and periodical. Either the champions of free enterprise must tell their own story or permit others to describe them in unrecognizable terms, which means abdicating permanently—throwing in the sponge.

Gentlemen, you have nothing to lose, you can, therefore, each one of you, become a missionary for the restoration in American life of private enterprise, private investment banking, thrift, taxation that does not kill, and a national debt that does not impoverish the American people.

This is the true picture. It is not what you would like to hear. But it *is* the plain, stark truth.

Let's not crumple under the weight of a foreboding future. Let's accept the challenge and throw all of our courage, energy, resources and Americanism into the struggle. Let's recognize these truths as the call to action. Let's do both jobs—win the war and lick our economic problems, for one without the other will render *all* our efforts vain.

Despite the great emergency and the natural and proper desire to organize and build for defense, we must coldly, objectively, dispassionately appraise what we are defending. In our desire to protect ourselves from dangers from without let us not forget what goes on within. Let us not accept the fallacious theory of scrapping Democracy to save it.

Let us save Democracy by a close adherence to the principles that built Democracy. No other course of action will save us.

New Assistant To Secretary Of Treasury

Secretary of the Treasury Morgenthau on Dec. 1 announced the appointment of George Buffington of Chicago as an Assistant to the Secretary to aid in the Treasury's program to encourage saving for taxes.

Mr. Buffington was a Chicago resident partner of the New York Stock Exchange firm of Winthrop, Mitchell and Co. from 1933 to 1938. For the past three years he has maintained his own office in the Continental Illinois National Bank Building. He has tendered his resignation this week as a Vice-President and Director of the Campbell, Wyant and Cannon Foundry Co. of Muskegon, Mich., and as a Director of the Sullivan Machinery Co. of Michigan City, Ind.

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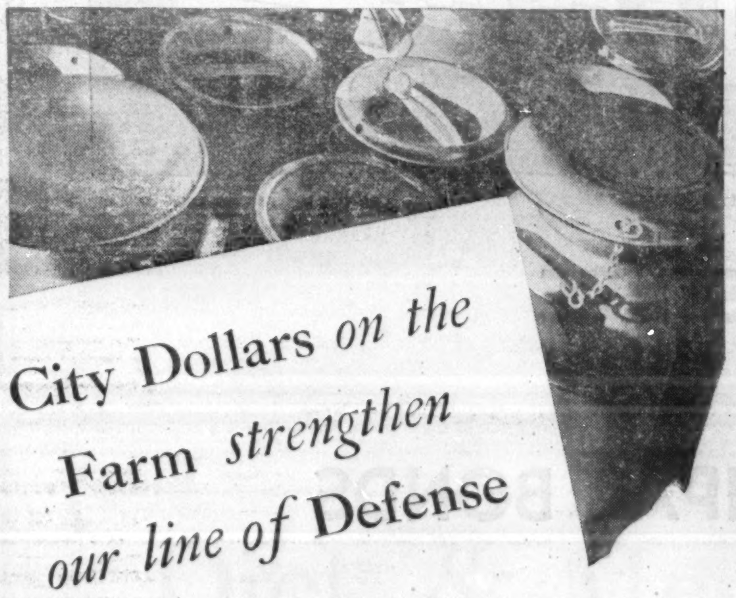

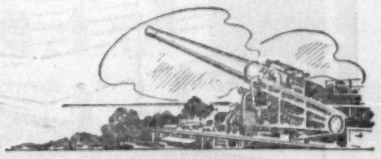

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Plan For Peace Return Slichter Advises IBA

Private enterprise, if it is not to be injured, must make plans for the transition back to a peacetime economy at the end of the war and not leave the responsibility with the Government, Prof. Sumner H. Slichter of Harvard University told the 30th annual convention of the Investment Bankers Association, meeting at Hollywood, Florida, Dec. 2. The shift from war to peace production is less formidable than generally believed, he asserted, and, to demonstrate the point, added: "In 1918, over one-fourth of the national product was devoted to the war. Nevertheless, the Armistice was not followed by a collapse but by a post-war boom which lasted until the Spring of 1920. This boom was made possible largely by the enormous shortages which had developed." Continuing, he said:

> Great shortages will develop during the course of the present war—at least if it lasts well into 1943. In fact, by the end of 1943 shortages of industrial equipment and durable consumers' goods are likely to be somewhere between 15 and 25 billion dollars. If millions of Americans are persuaded to buy Defense Savings Bonds, they will gradually liquidate these bonds to make postponed purchases of automobiles, radios, houses, and a wide variety of other dubable goods.
>
> The transition will be assisted by technological progress stimulated by the war and by the development of enlarged sources for some raw materials. The availability of aluminum at perhaps 13 cents a pound, or even less, will be enormously stimulating.

Business must not sit back, however, and rely upon such factors as these to provide a satisfactory transition from war through peacetime production. Now is the time for enterprises to redouble their efforts to develop new products, to improve old products, and to develop new methods of production. Now is the time for business to put itself in a more flexible position by reducing indebtedness wherever possible. In many instances a reduction in dividend rates for this purpose would possibly be desirable. Now is the time for business to encourage the public not only to buy Defense Savings Bonds, but to reduce its own indebtedness and, therefore, to get in a better position to buy goods after the war. Perhaps the most important single step that private enterprise can take to preserve itself and to facilitate the shift from war to peacetime production is to develop cheap, attractive housing. About one-half of the 25,000,000 houses in America were built in 1900 (i. e. standing in 1900—Ed.) If new and attractive housing can be provided by private enterprise at low cost, an enormous field for private investment will be opened up and a basis for prosperity will be created for 20 or 30 years to come. If modern technology can solve the problem of cheap and attractive housing, the uncertainties which now cloud the future of private enterprise will largely disappear.

Fleek Pledges Full Support In Emergency

(Continued from Page 1433)

I thank you most sincerely for the high honor you have conferred upon me. I am aware of the magnitude of the job itself and especially of the task of trying to fill Spike's shoes. I promise you the utmost of service that is in me. I hope I shall be effective and justify your confidence.

But without your sound counsel and loyal support, as well as your forbearance, it would be idle for me to attempt it.

I approach the new year with this general outline of purposes:

1. In this time of national emergency, we again pledge to our Government the allegiance and full support of our industry wherever and whenever we can serve.

2. We shall continue to work earnestly for the good of the investor as well as for the good of the investment banking business as a whole, both for members and non-members alike, large and small, urban and provincial, north and south, east and west.

3. Mindful of stringent conditions, we shall follow a policy of rigid and well-reasoned economy in the accomplishment of our objectives.

4. We shall try to carry out the spirit that has so definitely emerged from this convention, particularly from our "meeting the overhead" forum on Wednesday; i. e., we shall combat defeatism in hardheaded realism.

5. Preoccupied as we are today with considerations of defense and of patriotic devotion to our country, when foreign tyrants are on the march, we shall not allow such preoccupation to blind us to our domestic problems which affect the lives and livelihood of all of us—of every citizen.

This is no time for fanfare. We have grave public responsibilities. The task before us is long, tedious and exacting—to be accomplished by men of *good will and of firm resolve, ready for unselfish service.*

In our every endeavor we need be constructive and fearless in our thinking. We must strive for wisdom, patience and courage.

Let us stand together and, thus, with an indomitable spirit, face the future with confidence.

N. Y. Stock Exchange Amends Its Rule 125

The Board of Governors of the New York Stock Exchange has amended, effective Dec. 5, its rules to provide for dealings in variations of one thirty-seconds in all stocks selling below 50 cents per share. The notice to members explains that it is possible, under the rule as amended, that while a bid may be expressed in sixteenths, an offer may be expressed in eighths, such as 15/16 bid offered at 1⅛ and also that while a bid may be expressed in thirty-seconds, an offer may be expressed in sixteenths, such as 15/32 bid offered at 9/16.

The amended rule reads as follows:

> Rule 125. Bids or offers in stocks above one dollar per share shall not be made at a less variation than ⅛ of one dollar per share; in stocks below one dollar but above ½ of one dollar per share, at a less variation than 1/16 of one dollar per share; in stocks below ½ of one dollar per share, at a less variation than 1/32 of one dollar per share; and in bonds at a less variation than ⅛ of 1% of the principal amount; provided that the Exchange may fix variations of less than the above for bids and offers in specific issues or classes of securities.

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Report Of The Federal Taxation Committee Investment Bankers Association Of America

At this time last year it had become evident that taxation was going to play an increasingly larger part in the personal and business lives of this country. Faulty taxation in the past has been harmful to business confidence and at times delayed recovery, and under these new conditions might well bring our whole economy to the verge of destruction. It was therefore clear that new programs must be properly conceived.

As one of the great trade associations of the United States, it was clearly the duty of the Investment Bankers Association to make every effort to assist in the formulation of a tax policy which though necessarily drastic must not be destructive. After several conversations between President Connely and your Chairman, it was proposed to the Finance Committee of the Association that we should engage the services of as good a tax consultant as could be found to assist in presenting a brief to the proper committees of Congress, which would raise the necessary amount required by the Treasury Department with the least possible damage to this country's national economy.

Accordingly, we engaged as a consultant for a period of one year, Mr. Lovell H. Parker, of Washington, then and now engaged in private business, but who for 12 years had been Chief of Staff of the Joint Committee on Internal Revenue Taxation, or, in other words, the technical advisor to the Senate Finance and House Ways and Means Committees.

At the same time, in view of the fact that the membership of the Federal Taxation Committee was widely scattered geographically, and because the new program required many more meetings than had customarily been held, a sub-committee of five, including the Chairman, was formed, who could meet at short notice and consult with each other and with Mr. Parker.

During the course of the year the sub-committee met several times in addition to frequent correspondence, and by Spring had begun to formulate a general program. It was at first our intention to submit these proposals in connection with the hearings before the House Ways and Means Committee. When these hearings began, however, it became evident that the original Treasury proposals would be substantially altered and that evidence given at that time might not be pertinent to the final ideas of the House Committee, and the form in which the Revenue Bill would pass the House. Accordingly, the sub-committee of your Federal Taxation Committee decided to wait until a definite bill had been approved by the House, and then to sit down with Mr. Lovell Parker and formulate its own program. This was done.

When the hearings before the Senate Finance Committee began, your Chairman presented this program—a copy of which, marked "Exhibit A," is attached to this report. [Ed. Note: Exhibit "A," submitted to the Senate Finance Committee on Aug. 11, 1941 is omitted here.]

Briefly, it called for somewhat lower income, estate, and gift taxes than did the House bill, but through excise taxes on tobacco, liquor, and gasoline, and by the addition of an ability-to-pay purchase tax, modeled on the British system, produced about $3,800,000,000 as compared with the $3,200,000,000 resulting from the bill enacted by the House. We also stressed particularly the fact that corporations, while not individuals, were composed of groups of ordinary men and women, and should, therefore, be given the same consideration which would be given to any citizen.

Some of the proposals we made were adopted by the Senate Finance Committee, many were not. We suggested a broadening of the base and lowering of exemptions to $750 for single persons and $1,500 for married couples, which was done. We also suggested that individuals having net incomes of from $2,000 to $10,000 could pay more. This suggestion was also adopted, and most of us will be accorded that privilege. One of our chief points was the simplification of the corporate tax structure, and this was accomplished to a limited extent. Other minor proposals were included in the final bill.

Our chief proposal, that of adopting a modified sales tax, was not acted upon, but it is not clear how the amount necessary to finance defense can be raised without some such step, and our proposal had the advantage of exempting necessities of life, while, without inflicting onerous rates, raising the sum of $560,000,000.

Enclosed with this report is Exhibit B, which is a thorough study of the effects of the tax on capital gains. This might well be a matter which the new Federal Taxation Committee might energetically pursue, since we believe a change in the provisions surrounding that subject would not only be a source of increased revenue to the Federal Treasury, but would be helpful in the flow of capital into private industry. [Exhibit "B" is presented below with the omission of Part I which deals with the history of the subject.]

In conclusion, I wish to dwell especially on the assistance of Mr. Parker, whose broad experience and careful judgment enabled us to make such a thorough presentation. All the members of the full committee, and Mr. William Price, who will be Chairman in 1941-42, Mr. Richard Dunn, Mr. Frederic Mullins, and Mr. Warren Hoysradt, the members of the sub-committee, gave freely of their time and were of invaluable help.

Respectfully submitted,
HARCOURT AMORY, Chairman
Federal Taxation Committee

Exhibit B

The Tax Problem With Respect To Capital Gains And Losses

I. History

(This section omitted.)

II. The Defects In Our Present System And Proposed Changes

While our capital gain and loss system might be worse, it still has serious defects. In our opinion, the principal defect is as follows: Investors cannot change their investments even though they retain no cash money, without being liable to tax.

It is true, that under our income tax law, you can trade a horse for a horse without paying a tax, but if you trade a horse for a buggy, then the tax effects must be figured. This is because the law provides that property of like kind can be exchanged without the recognition of gain or loss, but property of unlike kind cannot. The law specifically provides, moreover, that in the case of stocks and bonds, gain or loss must be computed on transactions.

It is difficult to see why two individuals cannot exchange bonds which they may hold in different companies without paying a tax. Certainly, there is no cash realization of profit in such a transaction, and still the law provides that each must compute his gain or loss at that time at the current market value in accordance with his particular basis. If, on the other hand, he exchanges one piece of real estate for another, there is no tax.

The same thing results when a man sells stocks or bonds, and immediately re-invests the money. It is a capital transaction, and no income results unless the man takes the cash from the transaction, and uses it as he would use

(Continued on Page 1442)

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IBA Federal Taxation Committee Report

(Continued from Page 1441)

ordinary income. It must be recognized, of course, that, while highly desirable, it would be very difficult to administer the law in such a way so as to provide that persons could trade stocks and bonds for stocks and bonds. On the other hand, it must be recognized that we cannot permit a man, through sheer speculation, to make a million dollars, and use it as income for his personal living expenses and pleasure, without paying a tax thereon when we tax the long-term investor on a million dollars of income over 75% of such income.

The English system is undoubtedly preferable to ours, but unfortunately we did not start with that system, and our people are perhaps more prone to short term speculation than to long term investments.

The result of our system is to freeze investments, to prevent a free flow of capital, and even to deter diversity of investments.

Another defect in our system is that, because of the penalty imposed upon shifting investments, where gains must be realized in the process, the small taxpayer is handicapped in securing for himself a reasonable competence, while the wealthy taxpayer retains his fortune. This would seem to be contrary to our American ideals, which should give to every individual every incentive to increase his capital so long as such capital is productively employed.

A third defect in our system is, that it is a "heads the Government wins" system, and "tails the taxpayer loses." This element of unfairness runs throughout the system, whether it be long term capital gains and losses, or short term capital gains and losses. For instance, if you have a long term capital gain of a million dollars in one year, you will pay a tax on that gain at the rate of 15%. On the other hand, if you have a long term capital loss of $20,000, you get no tax benefit from that loss, unless you have income against which to charge it, and even in that case, of course, and properly, the reduction in tax cannot be more than 15% of the loss. You cannot carry forward a long term capital loss into the succeeding year. Coming to short term capital gains and losses, the situation is more serious. A man with an ordinary income of $10,000, and a net short term capital gain of $15,000, will pay the Government over $5,500 on that gain. If he has a net short term capital loss of $15,000, he cannot deduct any of this loss against his ordinary income. Therefore, he pays a tax, although, as a net proposition, he is far in the red. He can carry the loss forward for one year to apply against net short term capital gains of that year, but if he has no gains, he receives no benefit whatsoever. This is so unfair as to be beyond argument, and the only reason for such a provision being included in the law, was because of the grave period of depression which we experienced in 1932, when it was feared that short term losses, if allowed outright, would seriously reduce Governmental revenue. However, this fact is no real excuse, if we consider that principles of justice must govern our tax laws, even more strongly than the need for revenue.

Finally, since transactions cannot be made until the tax results have been measured, our system, as a whole, results in the freezing of capital. In other words, instead of transactions taking place naturally, according to the economic situation, they are governed, to a large extent, by the effect of our internal revenue laws. It seems obvious that this is not as it should be.

We come now to the proposition of what can be done about this situation. As previously stated, we believe the English system of treating capital gains and losses is the best, but it seems impractical to go to this system suddenly. A half way step is, therefore, suggested. First, segregate capital gains and losses, regardless of the time for which the asset has been held. Second, if a capital net gain results, tax the first $5,000 of such gain at 5%, the next $20,000 at 10%, and the balance over $25,000 at 15%. Third, if a capital net loss results, do not allow such loss against ordinary income, but permit the loss to be carried forward for two years to apply against any capital gains which occur in such subsequent years. Fourth, define one who engages in speculation so as to take in the day-by-day trader. In other words, if a person makes his living by stock transactions, for example, he should pay the same tax on his income as is paid by a man with the same income from a salary. We appreciate the difficulties of such a definition, and it may be that arbitrary rulings would have to be made. The graduated 5%, 10%, and 15% rates are proposed in order to give the small taxpayer a proportionate relief with respect to the large taxpayer. Such a change would, in any event, give us the necessary information as to how to treat capital gains and losses.

Conclusion:

III. The Revenue Effects Of The Proposed Changes

We believe that the changes proposed in the capital gain and loss system would be particularly important for the Government. In the first place, in the case of a declining market, the Government cannot lose because, since it is proposed to segregate all capital gains and losses in one group, and not allow any net loss against ordinary income, the Government will, at least, secure a full tax on ordinary income without diminution. On the other hand, during a period of prosperity, tax receipts will increase, even though they are somewhat retarded, as they should be, by the carry forward of losses. However, such a system is obviously fair, because in the case of capital transactions, what is gained over a period of years should be the criterion rather than the results of a single year.

It should be noted that the present system, according to the statistics for 1938, which we have given, is especially hard on the small taxpayer, and the taxpayer of moderate means. In the case of smaller taxpayers, long term losses alone far exceed short term gains and long term gains combined, without taking into account the large amount of short term capital losses which must have been suffered. On the other hand, larger taxpayers do not take losses to any great extent and will take gains only under a reduced rate of tax.

During the present period of emergency, with high rates of tax, we must have an equitable basis if we desire ordinary business transactions to be made. It is necessary, also, for the sake of the necessary revenue, to encourage capital transactions. It must be remembered that it makes little difference to the Government whether Mr. X or Mr. Y owns a bond or a share of stock as long as the capital is productively employed.

We fully appreciate the Treasury's need for revenue, and we have endeavored to provide a method by which, over a period of years, the Treasury will receive, on the average, larger sums than afforded under the present system. Indirectly, we are convinced that an additional amount of revenue will be secured through the increased freedom with which capital will operate. Money flowing into new ventures creates wealth, adds to employment, and affords greater stability to our economic structure, as well as furnishing through ordinary income taxes greater revenue. Such a change is not only desirable, from a revenue point of view, but may be of vast importance in bridging the gap between our present defense economy, and a return to normal business conditions.

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Report Of Industrial Securities Committee Investment Bankers Association Of America

As we all know, the greater part of the enormous defense program is being financed by Washington. As a result of the government's willingness to assume virtually all the risks of investing new capital in defense plants, the investment banker has been called upon to obtain only a small fraction of the new funds necessary for plant expansion, enlarged inventories and other business needs. The reasons for this situation have been discussed in previous reports of this Committee and are well understood by the investment banking community.

The statistics of industrial financing for the first 10 months of 1941 clearly reflect this bypassing of the investment banker and, through him, the investing public. Flotations by industrial corporations for new capital and refunding purposes declined in the first 10 months of 1941 to $693,000,000 from $950,000,000 for the first 10 months of 1940. Flotations for new capital purposes for the first 10 months were approximately the same as in the like period in 1940 and amounted to about $237,000,000. By way of comparison the government financed new plant construction to the amount of $4,000,000,000 in the 15 months ended Sept. 30, 1941.

Private placements of industrial issues amounted to about $230,000,000 for the first 10 months of 1941, or about 33% of total industrial financing, compared with 36% in the calendar year of 1940, 51% in 1939 and 48% in 1938. The shortening of the waiting period for the registration of new securities late in 1940 is believed to have had some beneficial effect in increasing the proportion of public issues although the registration process continues to be expensive and complicated and involves more delay than private offering without registration.

The acceleration of the government's invasion of the normal functions of private enterprise during the emergency has been watched with growing anxiety by the business world, for, while many of the steps taken closely parallel the program of the last war, it is believed that the spirit in which they are taken is substantially different. In 1917 and 1918 business subjected itself to the centralization program confident that the government would not remain a permanent partner in industrial management, and would return its powers promptly after the end of the emergency. Government control was, in fact, terminated soon after the Armistice. The business man of 1941 undoubtedly understands the necessity for temporary regulation of industry during a war-time emergency but he cannot escape the conviction that the seizure of additional power by the present government has become too habitual to be reversed readily after the expiration of the emergency.

As has already been demonstrated during the current year, there is little likelihood for the necessity of any appreciable amount of new capital financing on the part of non-defense industries during the period of the war emergency, the duration of which is anyone's guess, for the output of non-defense goods and services presumably will be more and more curtailed. However, it is also evident that the dislocations resulting from the defense program will create some new opportunities for the services of the investment banker. For example, in some industries funds have been necessary to carry greater inventories; in other industries increased activity has required substantial new investments to offset the obsolescence of many years. These factors in some cases require additional permanent capital. Furthermore, it is quite probable that the heavy demands which are being made upon some growing industries, such as the oil and chemical industries, will be utilized by some companies to enlarge and consolidate their financial positions. A period such as the present must, of necessity, be accompanied by major shifts in the industrial structure of the country and as a result a fair demand for additional fixed capital may develop from various private sources.

For many years the supply of private funds available for investment has far out-stripped demand. The seriousness of the problem which this condition has presented to all those responsible for keeping funds invested was emphatically brought out in hearings conducted a few weeks ago before a Committee of the New York State Legislature to consider whether or not life insurance companies should be permitted to invest in common stocks. It was pointed out that new capital bond issues of domestic corporations for the 10 years ended 1940 amounted to only 5.4 billions as compared with 23 billions for the 10 years ended 1930 and, as all of the 5.4 billions for the past decade was offset by repayments, amortizations and readjustments of debt, including defaults and reorganizations, the actual volume of outstanding securities declined during the period. To make matters worse the actual quality of many of the outstanding securities became impaired, because of the net reduction in corporate property values and working capital during the period.

One effect of the shortage of suitable investment media has been to force increasing recognition of the investment merit of the better-grade industrial securities. During the past five years a number of States have liberalized their laws relating to legal investments to permit increased investment in industrial issues. New York State, for example, has permitted the addition of certain industrial bonds to the savings bank and trust fund legal list with the specific approval of the banking commissioner. New Jersey has revised its laws governing trust investments and savings banks to include a substantially broader list of industrial securities than before and Connecticut in 1939 adopted the prudent investor theory for trust investment.

The broader acceptance of industrial securities for institutional purposes is not of outstanding importance so long as the supply continues to be limited, but it can lead to industrial financing on a considerably more favorable basis when conditions become more encouraging for the extended use of private capital.

It is not too early to give consideration to post-war financing. Unless conditions then are such that business will be willing to risk capital in new industries and in the rehabilitation of the economy into a peace time one, the country will eventually again be faced with the problems of economic stagnation, leading to further government regimentation, deficit financing and a complete breakdown of confidence in the capitalistic system. In the meantime, to make the post-war transition a sound one it is essential that the tax structure be balanced so as not to discriminate against new enterprise, that nonessential government expenditures be reduced in order that the accumulated deficit will not reach gigantic figures, that small business be preserved, that labor relations be improved, and that the folly of the world wide tariff barriers be recognized.

Respectfully submitted,

INDUSTRIAL SECURITIES COMMITTEE

Albert H. Gordon, Chairman
Kenneth H. Bitting
F. Edward Bosson
C. Prevost Boyce
J. R. Burkholder, Jr.
James Coggeshall, Jr.
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Louis J. Cross
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1941 Cotton Loans

The Department of Agriculture reported on Dec. 3 that Commodity Credit Corporation had made 635,710 loans on 1,183,859 bales of 1941 crop through Nov. 29, 1941. Of the total, 74,772 loans on 247,835 bales were made by cooperative associations. At the same time last year loans had been made on approximately 2,240,000 bales.

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Report Of State Legislation Committee Of Investment Bankers Association of America

During the year most State Legislatures have been in regular session. Some modification was made in the securities law of each of the following 19 States: California, Connecticut, Florida, Illinois, Indiana, Iowa, Kansas, Massachusetts, Michigan, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Utah, West Virginia, Wisconsin and Minnesota.

These amendments vary in degree of importance. In some States the amendments were minor, such as relating to the personnel of the administrative officials, the items of fees, etc., while in other States the amendments amounted to a revision of the entire Act. This latter was particularly true in the State of Minnesota and Wisconsin where even the fundamentals were modified to some degree.

* * *

It is well to note . . . that, generally speaking, there has been evidenced a tendency toward liberalizing some of the laws as related to the registration or qualification of securities and a like tendency toward making more stringent the requirements of the statute with respect to the registration or licensing of dealers and salesmen and, particularly, the regulatory requirements and supervision as to the competency and financial responsibility of dealers. There is a growing tendency of the States toward the establishment of capital requirements by those who seek registration or licensing as dealers or brokers in the State, and a very definite tendency toward periodic financial statements by, or Commission examination of, dealers as to their financial status, the handling of customers accounts, including the monies and securities on deposit with the broker or dealers for safekeeping or otherwise, the practice with respect to the hypothecation of customers' securities and compliance with the State laws. This is particularly true with respect to those States which seem to have determined that the States should assume this responsibility independently of the corresponding activity of either the National Association of Securities Dealers or the Securities and Exchange Commission.

Some Commissioners now have the power for such examination but have not obtained a proper appropriation of funds to put the power into effect. Some have the permissive power but do not deem it appropriate to exercise it, and some do not have the power. Every time a broker or dealer encounters financial difficulties of sufficient degree to bring about public notice there is agitation and even demand in some quarters that a closer scrutiny and more intensive periodic examination of the books and affairs of all dealers and brokers be brought about, usually through some proposed amendments to the existing law.

* * *

Cooperation and Uniformity of Forms

For the past several years we have been stressing the importance of as much uniformity as possible in the several State securities laws, the procedure thereunder, and, particularly, the forms necessary to the compliance with the registration provisions thereof. This effort has begun to bear fruit. State Securities Commissioners have responded to a wholesome degree in their contribution toward solving the expensive, time-delaying and uneconomic bottlenecks heretofore occasioned by duplications in effort, time and cost in setting up the same factual information under the several State securities laws, but in a different form, to meet the exigencies of an independently prepared and independently administered State law.

One of the bright spots of this report is the fact that this year the State Securities Commissioners, through their Association, have gone somewhat further than heretofore toward eliminating bottlenecks arising from duplicate authority and the heretofore necessity of multiple forms when securities were to be offered in two or more States.

This year the Association had a number of active committees, two of which gave extended thought and effort in doing their part toward the elimination of these bottlenecks. These committees were:

The Committee to Cooperate with the SEC, NASD and IBA on Administrative Problems.

The Standard Registration Forms Committee to Cooperate with IBA and NASD.

Early in the year the Committee of the NASC on Cooperation with the Investment Bankers Association, National Association of Securities Dealers and the Securities and Exchange Commission, of which Mr. Paul L. Selby of Ohio was Chairman, contacted each of the other agencies and discussed with them the problem of cooperation and coordination of activities. This Committee made a progress report at their Biloxi Convention which includes an outline or tentative statement of policy for future cooperation. The report was considered, placed on file, and the Committee continued for further study. Copies of the report have been obtained, made available to the Legislation Committee and to Board members, and will be available for study during the year by all those who are interested in the problem. Should it be possible to crystallize some of these tentative thoughts into a definite policy of closer cooperation between all the regulatory bodies and between those bodies and the industry, the possibilities for more efficient administration and law enforcement with a material reduction in duplications of time and effort and costs of compliance with the respective laws are great indeed.

* * *

Mr. Zeller, Director of Securities of Wisconsin, was designated as Chairman of the Committee on Uniformity of Forms. Early in the year he suggested to your Chairman that to make an intelligent and constructive recommendation as to a form which would substantially meet the requirements of all the regulatory securities laws, it would first be necessary to make a survey of the requirements of the respective laws and the forms which have grown up through the administration of them. He expressed the thought that a competent survey or research should be made from which it would be possible to draw conclusions as to a reasonable method of stating the facts common to all the laws; and, perhaps, some appropriate procedure for extraordinary situations and recommendations as to amendments by which the uniformity theory might be extended still further. Such a comprehensive survey was carefully made under Mr. Zeller's direction and supervision. He worked constructively and frequently consulted this Committee as well as a Committee of the NASD.

Mr. Zeller, and his Committee, has now produced the draft of a form of application for registration of securities which are being registered under the Federal Securities Act of 1933, and which must be qualified under State laws otherwise than by notification. The purpose is not to establish any qualification requirements in addition to those now existing. This form of application is, therefore, not to be used if the securities or the transaction in regard thereto are exempt, or if the securities can be qualified by notification which is a more simple procedure than that provided by the Uniform Application. In other words, the form is wholly designed toward simplification, reduction of costs, and the saving of time, etc.

This form has been submitted to underwriters and dealers and their attorneys in different parts of the country and has undergone the scrutiny of those from the business, as well as the Commissioners, in the interest of workability and efficiency.

Printed copies of this form with explanatory notes have been sent out broadly. Additional copies are available through this Committee for the asking. It is believed actual experience with this form will demonstrate its practicability. Especially do we urge our members, and their attorneys, to extend full support to the use of this form and that they in turn urge its adoption by all States having the regulatory type of securities law.

Respectfully submitted,
State Legislation Committee,
Mark Baxter, Chairman
John F. Fennelly
Rucker Agee
Rollin G. Andrews
Waller C. Brinker
Charles W. Diekroeger
Leslie J. Fahey
Ernest O. Dorbritz
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H. Lyman Greer
Frederick L. Moore
Frank H. Richey
Joseph T. Walker, Jr.
Sewell S. Watts, Jr.
Lyle F. Wilson
Alexander C. Yarnall

Obituary

John A. Mahoney, of the Department of Admissions of the New York Curb Exchange, died of heart disease on Nov. 27 at his desk at the Exchange. Mr. Mahoney, who was 31 years old, started with the Exchange as a stenographer 15 years ago. At the time of his death he was assistant to James S. Kenny, Secretary of the Committee on Admissions.

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Preservation Of Private Enterprise Common Interest Of Capital And Labor Green Tells IBA

Because "liberty and security are inseparably associated with the vital principle of free enterprise and private ownership of property" management and workers stand united in defense of this system, William Green, President of the American Federation of Labor, averred in an address Nov. 30, before the Investment Bankers Association convention, meeting at Hollywood, Florida. He warned, however, that periods of economic stress make men's minds receptive to socialistic panaceas and that, therefore, we should plan now the ways and means of cushioning "the economic shock which will occur at the close of the prevailing conflict." He asserted it will be better to undertake huge home-building and public works programs to provide employment for those forced out of defense industries at the end of the emergency than to supply relief.

The following is from Mr. Green's address:

> The chief menace to the preservation of free enterprise within a democracy is met when destructive economic changes take place. Long distressing periods of unemployment which cause widespread hunger and human distress, heavy losses in investments, deflation and forced liquidation of valuable assets tend to destroy public confidence in our so-called capitalistic system.
>
> Those who advocate Government ownership of all the means of production and distribution charge that all our woes are directly traceable to the faults of private ownership. This, of course, is not true. But, even so, distressed minds do not function normally nor do the victims of violent economic changes think clearly when they become panic stricken. Instead, they become receptive to any plausible plan which allegedly supplies a remedy for existing economic ills. These experiences which we have all too frequently met make clear the necessity for the establishment of a sound system of economics which will guard against recurring periods of widespread unemployment and industrial chaos.
>
> This requires sound thinking and constructive planning. The shifts which take place in our changing economies should be anticipated and preparations should be made to meet them.

* * *

> We know that a decided change is inevitable when the post-war period is reached. No doubt the principle of free enterprise and private ownership in all free, democratic countries throughout the world will be called upon to meet a most severe test. Undoubtedly its virtues and its value in meeting the economic needs of an impoverished and debt-ridden world will be definitely challenged. There is grave danger that the pendulum of political expediency may swing far to the left just as it did in some countries following the close of the World War. The call of the moment is for preparation now and if we are successful in planning we may cushion the economic shock which will occur at the close of the prevailing international conflict.

* * *

In conclusion, he said:

> As I have frequently stated to the membership of the great organization which I have the honor to represent, we are Americans, first, and members of our union, second. That sentiment can be repeated here.
>
> The American Federation of Labor, with its five millions of paid-up members, skilled and unskilled, men and women who work for wages, workers who believe in various creeds and spring from various nationalities, has set itself to prepare for the onslaught of dictators and their militaristic forces. It is a Herculean task, one that calls for the highest type of individual and collective service. The American Federation of Labor has pledged itself to see the program through, to support the Government in the completion of its defense program and to go wherever our Government may send us. We are determined that our common heritage of freedom, liberty and justice shall be preserved in the Western Hemisphere. We, of labor, are confident that those in attendance at this great convention and those whom you have the honor to represent share this point of view and that all of us together will stand united in defense of America, American institutions and our American form of Government.

Allocates Tin Plate For Latin America

The Supply, Priorities and Allocations Board on Dec. 2 announced steps to export 218,600 metric tons of tin plate to Latin American nations in the next twelve months. It was explained that this tin plate policy was adopted at the request of the Economic Defense Board and constitutes the first step in a simplified program designed to assure delivery of essential commodities to meet the import needs of Latin America." It is said that there are serious shortages of this important metal necessary for the canning of foodstuffs.

Plans call for shipment of 35% of the 218,600 metric tons of tin plate in the next three months to countries where the canning season is now under way.

In preparation for the new program, all licenses for the export of tin to Western Hemisphere nations were ordered revoked as of Dec. 15. As rapidly as possible each individual case will be reviewed and licenses reinstated, after which licensed shipments will be charged against the total allotment.

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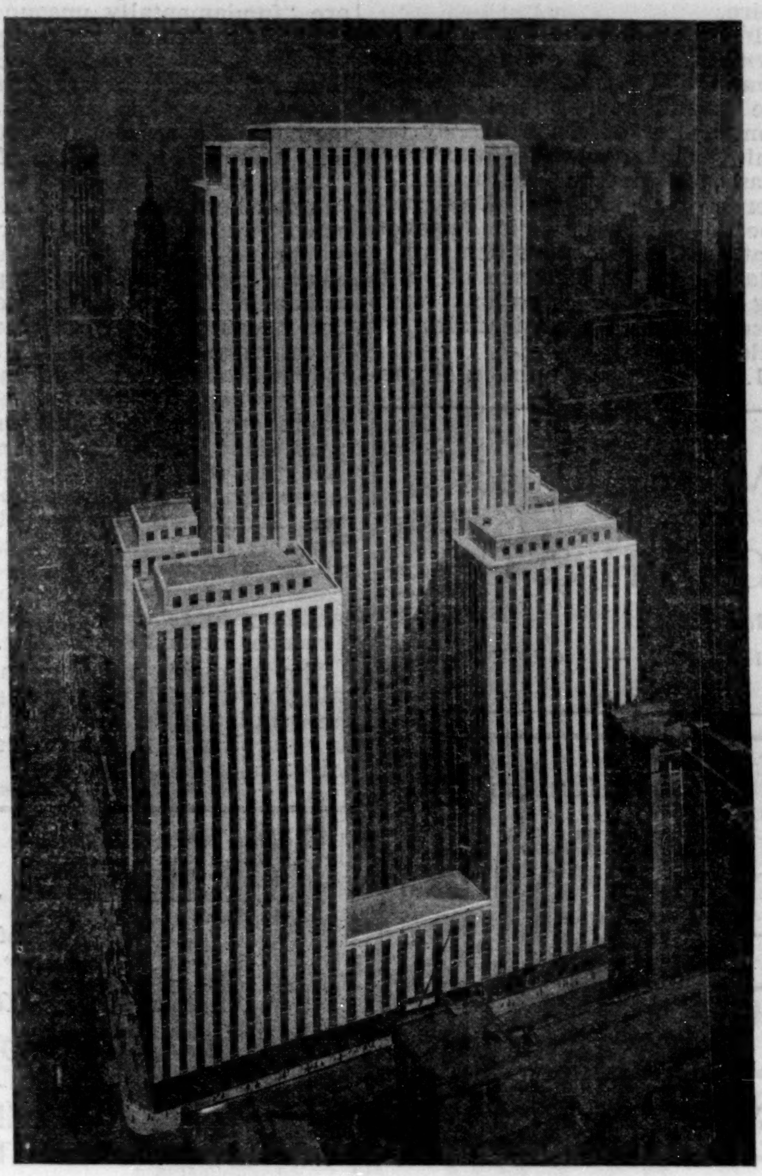

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Report Of The Ratings Special Committee, Investment Bankers Association Of America

During the early months of this year it appeared probable that the regulation of the Comptroller of the Currency governing the purchase of investment securities by banks would be subjected to thorough inquiry by the Senate Committee on Banking and Currency.

The Senate Committee addressed broad questionnaires concerning banking policy to the American Bankers Association, to the Reserve City Bankers Association and to a number of Federal agencies. Certain of the questions to which replies were sought were concerned with the methods whereby control is exercised over the credit quality of bonds purchased and held by banks and with the use of ratings in connection with such control. It is our understanding that replies were submitted on these and other questions by those to whom the questionnaires were addressed.

It was expected that hearings on banking policy would be held by the Senate Committee during the late spring and summer but no date was set for the commencement of these hearings owing to the illness of the Chairman of the Committee on Banking and Currency. It now seems unlikely that an effort will be made thoroughly to scrutinize the banking system until the present emergency is over.

The Ratings Special Committee kept in touch with these developments and made certain information available to the committees of other associations at the time they were formulating replies to the banking questionnaire.

In order to gain first hand information about opinion among commercial bankers concerning the regulations issued by the Comptroller of the Currency defining and governing the purchase of investment securities by member banks, the Ratings Special Committee, in October, sent out its own questionnaire to a large number of banks of varying size. Four questions were asked in this questionnaire, as follows:

1. What is your opinion of current methods whereby supervisors exercise control of the credit quality of bonds purchased and held by banks?

2. More particularly, what is your opinion of any use made by supervisors in this connection of ratings by rating agencies?

3. What is your opinion of the requirements concerning the marketability of securities purchased and held?

4. What is your opinion concerning the use of ratings in determining valuations for securities for purposes of bank supervision and examination?

The replies brought a wide variety of opinions ranging from statements that the present methods are "entirely satisfactory" to an expression of opinion that they are "fundamentally unsound." In general, the consensus of opinion among banks seems to be that there is a need for regulation of investments and that present methods are reasonably satisfactory although far from perfect.

Many of the replies made a distinction between banks and indicated that the larger and stronger banks with established investment departments could operate satisfactorily under the regulation because they were equipped to convince examiners that sound judgment had been used in purchasing bonds questioned by the examiners. Those submitting replies along these lines often felt that the regulation was helpful to the smaller banks not equipped with investment departments because it established a yardstick which, although not perfect, at least had the merit of curbing a tendency to seek income beyond a reasonable and sound rate.

The following were among the principal criticisms leveled against the regulation by banks submitting replies to our questionnaire:

1. Variation of interpretation among examiners and supervisory authorities makes for confusion.

2. The regulation gives to the authorities dictatorial powers over banks with respect to bond portfolios.

3. It is impossible to write an all-inclusive regulation which is fair and justifiable.

4. The use of ratings is overdone. Ratings should be used only in conjunction with scientific appraisal of each particular security. Although the Comptroller's regulation allows power of interpretation to the examiner, few examiners have a working knowledge of a large variety of bond issues.

5. The use of ratings tends to result in a disregard of true values—low price, low rating; high price, high rating. Reliance on ratings therefore at times tends to result in purchase at high prices and subsequent sale at low prices.

6. The marketability requirements are unfair in respect of small local issues. Soundness of an issue can be more important than marketability, particularly if a bank's assets are in general highly liquid.

7. The methods by which 18-month average prices are used in valuing under-rated securities for examination purposes result in artificial valuations based on past sales. Some banks, however, believe that there is more merit in the use of ratings for this purpose than for determining the eligibility of an investment.

On the whole, we were well satisfied with the response to our questionnaire. The replies clearly indicate that banks throughout the country are keenly interested in the question of finding a satisfactory solution to problems arising from the Comptroller's regulation.

Respectfully submitted,
Ratings Special Committee.
John J. McKeon, Chairman
Albert H. Gordon
Robert B. Hobbs
Edward D. Jones
Franklin T. McClintock
Burdick Simons
Winthrop E. Sullivan
Lowry Sweney

Minute Biography

Julius A. Rippel, President of Julius A. Rippel, Inc., 744 Broad St., Newark, N. J. Born July 22, 1901. Educated at Dartmouth College. Previously with J. S. Rippel & Co., Newark, 1923-38. Organized own firm 1938. Member of Municipal Division Council, Investment Bankers Association of America, 1938 to present.

Julius A. Rippel

Chairman New Jersey Division IBA Public Information Program. Former President, The Bond Club of New Jersey.

Member: Municipal Bond Club of New York; Essex Club and Down Town Club, Newark; Trustee, Welfare Federation of Newark and Morris Community Chest; Chairman Welfare Council of Newark.

FDIC District Changes

Major Vance L. Sailor, on military leave as Supervising Examiner of the Sixth Federal Deposit Insurance Corporation district with headquarters at St. Louis, has been appointed Chief of the Division of Examination of the corporation, it was announced Dec. 3. Major Sailor will succeed John G. Nichols, former chief of the division, who died Nov. 10. The St. Louis post will be taken over by Neil G. Greensides, since November, 1933, Assistant Supervising Examiner of the Seventh FDIC district, with headquarters at Madison, Wis.

Now serving on the headquarters staff of the Sixth Division at Fort Leonard Wood, Missouri, Major Sailor will assume his new FDIC duties upon his release from military service. Greensides will take over the St. Louis assignment about Jan. 1, 1942.

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Eicher Stresses SEC Cooperation Before IBA

The SEC has genuinely wanted to help investment bankers and dealers in their distributing problems, Edward C. Eicher, Chairman of the Commission, told the Investment Bankers Association 30th annual convention on Dec. 4. At the recent conferences between the Commission and representatives of the industry, he said, considerable advances were made toward agreement on the difficult proposition of the industry that some means be worked out to permit solicitation of investments with respect to a new issue prior to the effective date of the registration statement. He described the progress of the discussions as follows, in part:

> It was perfectly apparent when the conferences opened that the representatives of the securities industry were acutely interested in recommending some amendment which would allow solicitation during the so-called waiting period. It must also have been perfectly obvious to your representatives that the Commission was pretty definitely opposed to any proposal which would permit the investor to be sold either on incompleted information or before the effective date of the registration statement. These positions were very far apart—so far apart indeed that less conscientious conferees might have immediately thrown up their hands in despair of ever making any progress. But our men and your men were made of sterner stuff. Your men did not place their claims on any high-sounding economic level. They freely admitted, and we respect them for it, that they were faced with a serious business problem in not being able to circulate sales literature prior to the effective date of a registration statement. They pointed out that under present statute the prospectus for many issues does not get to the investor until the time of the confirmation of the transaction after he has decided to buy. They also pointed out that in areas of more scattered population it was unduly expensive to send a full prospectus to a lot of prospective customers, only one or two of whom might be interested in buying. In other words, they put their arguments on a straight business basis. We, in turn, made no bones of the dilemma we faced in assuring investors adequate protection. We pointed out that the Securities Act in not a Blue Sky law but a disclosure law. The backbone of the Act, we asserted, was information for the investor before he buys so that he can have the facts on which to make his decision. We admitted that the law gives the investor recourse against the issuer and the underwriter for false or misleading statements, but we took the position that the important thing is to protect the investor before rather than after he has bought.
>
> There were many long hours of discussion of these respective points of view before anything concrete developed. I think we were slower in reaching specific suggestions under this section than anywhere else during our conferences. Finally the proposal was made, and I really don't know who made it first, that dealers might be authorized to distribute *after* the effective date something like the present newspaper prospectus to find out if potential customers were interested. We agreed on that, with the understanding that something would have to be done to make sure the customer was not finally sold on the basis of this piece of paper but on the basis of the full prospectus. Then, we went a step further. We agreed on the use of this short-form prospectus for circularization of information *before* the registration statement became effective, again with the same proviso as to the full prospectus. Then we came to the point at which it was noted that it might be well to legalize the so-called red-herring prospectus, which some houses have used to circularize dealers before the effective date under SEC rules. From this discussion there sprang the proposal now before Congress for what has come to be known as the "priceless" prospectus. This name was given to that prospectus not because of what it contains but because of what it omits. This prospectus is as complete as possible but does not include price, spread and underwriting data. It may be legally employed *before* the effective date of the registration statement. This was another big step towards agreement — and very significantly — towards meeting the problems of your industry. In short, the Commission had conceded that it was willing to let the underwriters circularize the dealers and the dealers their customers with admitted partial and incomplete information before the registration statement became effective—with but one important question mark.
>
> How, with this new speeding up of the selling machinery, were investors to be adequately protected? How were they to have the opportunity of availing themselves of the full and complete information and to avoid the risk of being misled by partial information? And here, as you well know, was where we reached a point of disagreement which has not yet been resolved.

Paralysis Fund Campaign

Plans for the ninth annual fund campaign for the National Foundation for Infantile Paralysis were announced on Nov. 23 by Keith Morgan, National Chairman of the Committee for the Celebration of the President's Birthday. The campaign will be inaugurated incident to the celebration of President Roosevelt's 60th birthday on Jan. 30, 1942. Mr. Morgan made public a letter from the President praising the expanded activities of the Foundation and pointing out the need for continuing the work. The 1942 observance will be known as the Diamond Jubilee Birthday Celebration. The President's letter said:

> I have received a report from Basil O'Connor, President of the National Foundation for Infantile Paralysis, which shows that the Foundation has vastly expanded its activities during the past year, and has not only added hundreds of new chapters in the various communities, but has swung into action on a dozen fronts where epidemics raged during the Summer months. It also has made noteworthy progress in the field of research and in many other ways.
>
> These many serious epidemics have again proved the necessity for continuing this work and renewing it on an even larger scale. As you know, nothing is closer to my heart that the health of our boys and girls and young men and young women. To me it is one of the front lines of our national defense.

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IBA Municipal Securities Committee, Annual Report Made At Convention

We present below in major part the annual report of the Municipal Securities Committee of the IBA:

For two successive years the municipal bond market has set record highs. At the close of 1940 it reached a then all time high. Following a rather sharp recession during the fore part of this year, it again started on an upward course which carried on to a still higher record level.

Sales of new issues of State municipal bonds including those of U. S. territories and insular possessions and their governmental units reported by "The Bond Buyer" show the total during the past 12 months (November to November) to be about $238,000,000 less than the amount of like financing during the preceding 12 months. Long term issues were less by about $58,000,000, while short term issues were approximately $180,000,000 lower.

Priority and allocation will, of course, have their effect on public as well as private operations and on the volume of new issues. During the present crisis there will, we believe, be practically no new construction work started other than that necessary for national defense or clearly essential for the health and safety of the civilian population. We understand, however, that where a project has been started and a substantial portion completed, efforts will be made to allocate the material needed to complete the work.

Tax Immunity

Last March the Treasury levied Federal income taxes on certain holders of bonds of the Port of New York Authority, and in July followed up in like manner respecting certain holders of bonds of the Triborough Bridge Authority. In our Interim Report of last May we referred to the first mentioned action and commented upon it. Simultaneous with these actions the Treasury announced intent to ultimately establish the right of the Federal Government to levy income taxes upon all State and municipal securities.

Recent indications are that there may soon be a renewal of effort to accomplish the purpose through statutory enactment in some form or another. It is contended by some that the sixteenth amendment to our Constitution granted the Federal Government this power. To so contend is to overlook or disregard, not only the several opinions of the U. S. Supreme Court on the subject, but also the solemn assurances given and accepted in good faith at the time the amendment was under consideration by the States. The U. S. Supreme Court respect these assurances. It refers to them as convincing expositions of the purpose of the amendment.

The subject goes far beyond the matter of revenue. The power sought, unless granted by the States in the form of a constitutional amendment clearly defining the authority and with protective limitations, opens a path to Federal control and domination of the States and their governmental units.

* * *

The State of Maryland in its Declaration of Rights declares: "the provisions of the Constitution of the United States and of this State, apply as well in time of war as in time of peace; and any departure therefrom or violation thereof, under the plea of necessity, or any other plea, is subversive of good government and tends to anarchy and depostism."

Removal of Taxable Property From the Tax Rolls

From time to time we have called attention to the problem resulting from removals from the tax rolls of substantial amounts of taxable property, either in bulk or bit by bit. With transfers of property from private to public ownership there is immediately present this problem, unless with the transfer provisions are made for replacement of the revenues.

In our annual report of 1939, the situation in Tennessee resulting from substantial transfers through the medium of the TVA was referred to. Through Congressional recognition of this problem, some relief has been afforded.

* * *

Adverse Decisions of State Courts

The work of your committee in compiling comparatively recent decisions of State Courts, tending to impair the integrity and security of municipal obligations, which was started the fore part of this year, is progressing. We necessarily have to depend upon municipal bond attorneys for essential information concerning these decisions and a clear understanding of their legal effect. We have been in communication with various municipal attorneys throughout the country and have found that they are, in the main, very much interested in the undertaking. To date we have had the benefit of informative advices from a great many of them.

Bureau of Census, Department of Commerce, Washington

Through the courtesy of the Division of State and Local Government of the Bureau of Census, we receive a large number of informative reports on State and municipal finances. In our annual report of two years ago, we outlined briefly the information then being compiled by this Division. So that you may know of the expansion in this work, we recently solicited from Mr. C. E. Rightor, Chief Statistician of the Division, a summary of current activities of the Department and information available through it. Mr. Rightor's response is informative.

* * *

Court Decisions and State Legislation

Appended to this report also are references to both court decisions rendered and State legislation enacted during the year. Only decisions and legislative enactments considered to be of general interest to the municipal trade or of special significance locally are included. Your attention is directed to these decisions and enactments.

* * *

Official Depositary

Attention is further directed to the Report of the Official Depositary for Approving Opinions and Legal Transcripts of Proceedings. During the past year a large number of opinions were added to those already in hand, bringing the total well over 82,000. Among these are many covering old issues, which are frequently very difficult to locate. In addition to the legal opinions there are filed with the Depositary over 25,000 transcripts of legal proceedings. The Depositary now reports early prospects of a still further increase of both opinions and transcripts deposited with it.

In its report the Depositary in brief paragraphs touches upon various phases of its operations. It calls attention to certain existing problems. It also directs attention to the cooperation of various banking institutions, bond houses, insurance companies and municipal bond attorneys. Sincere appreciation of their courtesy and assistance is expressed.

The Depositary renders the entire field of municipal financing an invaluable service. Full support of it, in its work, and greater use of its facilities are urged.

Respectfully submitted, Municipal Securities Committee, Pat. G. Morris, Chairman; Edgar M. Adams, Edward Boyd, Jr., John S. Clark, Samuel K. Cunningham, D. Ripley Gage, George H. C. Green, H. Fred Hagermann, Jr., George C. Hannahs, John G. Heimerdinger, C. Edgar Honnold, Sidney B. Hook, S. E. Johanigman, I. A. Long, James D. MaGee, James F. Miller, Lewis Miller, Augustus W. Phelps, J. Creighton Riepe, Alton E. Robertson, Jones B. Shannon, William A. Smith, F. Kenneth Stephenson, Robert C. Webster, Harry H. White and Paul E. Youmans.

(Ed. Note—We regret that because of lack of space the various appendices submitted by the above Committee, detailing developments mentioned in the preceding paragraphs, cannot be included in this issue. Any inquiries on these developments will be answered by our municipal department.)

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Report Of Railroad Securities Committee Of Investment Bankers Association Of America

The market for railroad securities continues to tell the story and it portrays all too clearly the uncertainty of the railroad picture. . . .

Most investors in appraising the outlook for the rails give special thought to the period following the end of the war, which should bring higher costs, including higher wages, dislocated and lowered traffic and increased forms of subsidized competition. Current developments of air transportation, highways and trucks, greater coastline shipping facilities, etc., will put additional problems up to the railroads.

To meet these problems, steps must be and are being taken now. Earnings are being plowed back into the properties through increased expenditures for maintenance and rehabilitation of the plants. The present increased efficiency of the railroads has been brought about largely by the huge capital expenditures made since the last war. Most of these were made from 1920-1930, but the value is apparent now. At present the roads, to meet the defense program, are making large purchases of equipment that will greatly add to their efficient operation. In addition to this new, modern and more powerful equipment, it is necessary to continue to modernize the properties with improvements in the track and structures, bridges, signal systems and terminal facilities. To continue this modernization and improvement, the roads will need credit as well as earnings.

In believing that there is good reason to hope that railroad credit may be restored we are (leaving out general economic conditions) counting on the increased efficiency of the railroad plant and its operation.

* * *

Reorganizations And The Tax Problem

There are still 34 Class I railroads in the process of reorganization, representing nearly 30% of the total railway mileage, and therefore any important development that specifically affects reorganized railroads is of importance to the entire industry, and this is definitely true of the serious tax situation that confronts them. Unless this situation changes, we cannot see how any road can afford to be reorganized.

A railroad reorganization is supposed to put the road in a stronger financial condition and provide for it a sound capitalization. In doing this a railroad should not be subjected to a severe penalty by the Government by being subjected to a substantial increase in its tax contribution quite out of proportion to the contribution of other railroads that have not been reorganized. Such a result would operate to defeat the sound purpose of reorganization and tend to impair the credit of the railroad. It is, however, just such a penalty that confronts reorganized railroads today.

Briefly the story is this. The present interpretation of the Internal Revenue Code by the Bureau results in a substantial reduction in the taxable basis of the property of a reorganized road. In one case the Bureau of Internal Revenue held that this basis should be the par value of the new liabilities plus the fair market value of the stocks of the reorganized road. It can easily be seen that this lower valuation would substantially increase taxes. The increase would result from:

1. Lower deductions for depreciation and retirement.
2. Decrease in "invested capital credit" for the purpose of computing excess profits taxes.

The Association of American Railroads and the Railroad Security Owners Association, in a joint memorandum on this subject, give an actual example of one of the largest railroads now in bankruptcy and show how it might pay in 1941 normal and excess profits taxes of $5,842,000 under the above interpretation instead of $2,264,000 with no change in the tax base.

Why should a road with the same property and the same income pay a lot more in taxes if it is reorganized than it would otherwise?

* * *

Increase In Efficiency

During recent years the railroads have made great progress in operating efficiency and we hope that it will be possible for this progress to continue. John W. Barriger, until recently chief examiner of the railroad division of the RFC, in a recent address said, "To hold their own in the competitive race of the future and regain part of the traffic previously lost to other forms of transportation, railroads must have a constantly improving plant and equipment and all related facilities. Since the end of the last war, the railroads have undergone a transformation of their physical plant. More progress has been made in railway development over the last 20 years than in the entire first century of the railway era. Railways have developed a remarkably high standard of design, construction and maintenance of plant and equipment and facilities, but, owing to a lack of adequate capital, too small a proportion of the total investment is represented by the best and most modern part of it."

The substantially better operating performances made today are largely due to expenditures in the last 18 years of approximately $10,000,000,000 on plant and equipment. Today the cars are larger, the locomotives much more powerful; the speed of freight trains greater, and there has been a marked improvement in methods of operation and the utilization of cars. The following results have been accomplished:

Today one car does the work that it took 1.3 cars to do in 1929.

The average speed of freight trains has been increased about 21% since 1930 (50% since 1922).

Gross ton miles per freight train hour has increased about 31% since 1930 (and 100% since 1921).

Gross ton miles per ton of fuel consumed is about 9% higher than 10 years ago (over 40% higher than 20 years ago).

All of these improvements in performance tend to decrease operating expenses and increase net earnings. Because of the defense program, the heavy expenditures being made today for new equipment will of course further increase the efficiency of operation.

When the present emergency ends, the railroads will be left with a much improved plant and with better equipment to face the problems presented by more severe competition and probable lower traffic. Capital expenditures made by the Class I railroads from Sept. 1, 1939 (the start of the war) to Sept. 1, 1941, amount to $554,398,000 for equipment and $305,241,000 for roadway and structures, making a total of $859,639,000.

The sharp increases in maintenance charges as shown in our sub topic "Earnings" should prove of great benefit. We hope that earnings will be available for their continuance.

The repair and rehabilitation of old equipment has reduced the bad order percentage to 4.8%, the lowest in history. If after the end of the war there is a drop in traffic, there will also be quite a savings to the railroads in the elimination of this upkeep and repair of old equipment. The new modern equipment will replace a certain amount of the old, which will then be retired.

In spite of the sharp increase in efficiency that has already been accomplished, there is still room for much more. For example, the average freight car today, although in service for a full 24-hour day, has a daily forward movement, on the basis of average performance, of 42.6 miles and an average time of only 2½ hours. This performance is certain to be bettered. Also, as the new locomotives are so much more powerful than the old, it is easy to see how much room for improvement exists in the replacement of the old as, according to Interstate Commerce Commission statistics, there were 21,000 steam locomotives out of an aggregate of 41,000 on Dec. 31, 1939, that were at least 25 years old and over half of these were at least 29 years old.

The continued modernization of plant and equipment, that will result in further increases in efficiency and savings in operating expenses, can be carried on only through the plowing back of earnings and the restoration of credit.

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Tobin Assails Proposed Federal Tax On Income From Municipal Securities

Any attempt to disguise proposals to tax income from State and municipal securities as a defense necessity is sheer hypocrisy, asserted Austin J. Tobin, Assistant General Counsel of The Port of New York Authority, and Secretary of the Conference on State Defense, in his address last Thursday before the IBA convention in Hollywood, Fla. He went on to report that such Federal taxation would be a threat to the very existence of the States as independent units of government.

◆

The Conference on State Defense has been opposing the imposition of a Federal tax on municipal bonds for the past four years. The organization consists of Mayors, Corporation Counsels, Attorney Generals of the States, and other local public officials throughout the Nation, who have united to resist Federal interference with their local fiscal affairs.

In discussing the fiscal effects of the proposed tax, Mr. Tobin pointed out that while all experts were agreed that such a tax would increase the cost of local borrowing from 20 to 30%, that the ultimate effect of such an increase would in many cases destroy altogether the power of the cities to finance themselves at all. He said, "a Federal tax on municipal bonds would in many cases and in many times make it impossible for the local governments to exercise their borrowing powers at all. The Constitution guarantees to every local government throughout the country, the weak as well as the strong, in times of high as well as in times of low money rates, the absolute right to finance the operations of its own government without Federal interference. It is one thing for a municipality to promise to pay a higher interest rate as the direct result of a higher tax on its bonds; it is another thing to be able to pay it. If, in the judgment of the money market, a State or city cannot meet that rate over the life of the security, its power to carry on local government has been effectively destroyed. In the words of the Supreme Court, the doctrine of immunity 'recognizes the direct effect of a tax which would operate on the power to borrow before it is exercised and which would directly affect the government's obligation as a continuing security.'"

Stressing the fact that centralization of government on a large scale inevitably resulted in a loss of real democracy, Mr. Tobin traced the beginnings of the various totalitarian governments and pointed out how each of them, as their first step toward complete control of the people, had first removed all power from local governments.

"Since local government is the whole basis of democracy," Mr. Tobin said, "you will find neither free states nor free cities in the dark lands of the Axis."

In summing up the effects of a Federal tax on local securities, Mr. Tobin said:

"1. If the Congress has the power 'by simple statute' to tax State and municipal bonds, it has, inevitably, the power to control State and municipal financing, for whether or not the power to tax is the power to destroy, it is very positively the power to control.

"2. Without the independent control of its own financing, no government can continue as a free and independent State:

"3. Unless our States and cities continue free and independent autonomous local government is at an end.

"4. And local and self-government is the entire basis of political democracy."

Propaganda vs. Propaganda Advised By Muir

The use of factual propaganda to combat forces seeking to undermine democracy in the United States was advocated by Malcolm Muir, President and Publisher of "Newsweek," in an address Dec. 3, at the 30th annual convention of the Investment Bankers Association at Hollywood, Fla. If confidence in investment bankers is lost, he said, the Government will become the sole collector and distributor of the savings of the people, "thus destroying the private enterprise system." He urged, therefore, that bankers avail themselves of the "weapons of honest education and wise public relations." Following is a portion of Mr. Muir's address:

◆

America has become the arsenal of democracy to forge the weapons with which to fight these evil forces from without. Let us be no less the arsenal to produce and utilize weapons of counter-propaganda and public relations to fight these forces from within. This work is already under way. You are probably all familiar with the National Industrial Information Committee of the National Association of Manufacturers which, through use of the radio, the movies, press services to country editors, public addresses, cooperative programs with the church, the teaching profession, and other professional groups, is spreading a factual story of the private enterprise system and what it means to every American. Since this recognition in 1933 by the manufacturers that it was necessary to appeal to the people for the strength to save the private enterprise system much of business industry and finance have come to recognize the necessity for honest public education. Your own Public Information Program, now well along in its second year, is an outstanding example of what I mean, but there is still not enough of this work being done. I could wish, for example, that there was closer cooperation on the part of the American Bankers Association and the Association of Stock Exchange Firms with the excellent work that you are doing. Each of these organizations and your members will stand or fall—will exist in the future—to the extent that there is a free flow of private savings into expanding industry.

If government becomes the source of credit for industry, then a system of State Capitalism has been substituted for free enterprise.

Because you do have this common problem, you should seek its solution with a common front; with joint appeals to the public.

Speaking to you as one from outside of your business, I know of no more constructive proposal that I can make to you than that you people of finance work cooperatively in the various communities of the nation to inform the public.

The times demand greater and not less cooperation. For the forces of destruction do work together.

It is neither effective, economical, nor wise that you of investment banking, the commercial banks, and the stock exchange firms each go off in different directions.

Every industry has a definite responsibility to tell its own story to the public. Collectively, this story then becomes a composite of the private enterprise system.

I have the greatest admiration for the educational work which you are carrying on in telling over and over again the function of the investment banker, and his importance in the lives of every person and every family. You have a strong story which you must keep repeating, stressing the necessity for savings and thrift, the importance of paying one's bills and keeping out of debt, and of providing for the future through individual savings as against leaving it entirely to Government plans and programs. The reiteration of these points has laid the basis for a sound public relations program. It will finally result in Mr. John Q. Public understanding the self-interest to him in supporting the private enterprise system rather than the government's social policies.

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Moore Would Bar Regulations Threatening Democratic Fundamentals—Addresses IBA

Private enterprise can best be preserved by saving Democracy itself, Roy W. Moore, President, Canada Dry Ginger Ale, Inc., declared in an address before the 30th annual convention of the Investment Bankers Association on Dec. 2. The fundamental test to which all public questions in a Democracy should be subjected, he said, is how the issue effects the consistency and continuity of representative Democracy itself. "The burden is upon the various groups of the social order, he said, to determine for themselves whether any regulation, which to them may seem desirable for some special purpose, is worth a threat to the perpetuity of Democratic fundamentals and consequent disorder in the processes of our way of life."

He listed the following requirements for the preservation of free enterprise:

1. When we learn the essentials of the democratic way of life and living, and each day dedicate ourselves to them.

2. When we are as well acquainted with the functional processes of our institutions as Hitler is with his. In this event we shall be enabled to offset the temptation of our people to become intrigued by the false and vicious pretenses of totalitarianism.

3. When we are convinced that special privileges are contrary to the spirit of free institutions, and destructive of the democratic fabric.

4. When our people satisfy themselves that human freedom, with all its incidental faults, is preferable to well-fed slavery.

5. When we outlaw hunger and nakedness, but cease in our attempts to gratify all whimsical forms of want.

6. When our governors and rulers and the elected representatives of our people become imbued with the beauty of truth, and abhor the falsity of petty political expediencies.

7. When statesmanship is the criterion for public office.

8. When we cease to mislead, and particularly by the means of subtle propaganda.

9. When labor ceases to defy the arbitrament of a cause arrived at by the operation of established processes.

10. When honestly acquired and merited wealth becomes the mark of accomplishment and public admiration, and not the object of a people's condemnation.

11. When culture and not wealth is the criterion of personal importance.

12. When it is realized that domestic peace is necessary to the happiness and prosperity of a people, and that the encouragement of class hatred renders such peace impossible.

13. When we learn to apply the fundamental principles of Democracy to all our economic differences.

14. When we acquire the art of compromise and cooperation.

15. When we are united for the sake of the good that there is in the American Way.

John F. Hughes Is Now R. L. Day Co. Partner

John F. Hughes, member of the New York Stock Exchange, has become a partner in R. L. Day & Co., of Boston and New York. He will make his headquarters at the firm's New York office, 14 Wall Street. Mr. Hughes has recently been in business as an individual floor broker prior thereto he was a partner in Hughes & Co. and was assistant to the President of the U. S. Steel Corp.

Henry B. Day, senior partner of the firm, died Dec. 1.

R. L. Day & Co. are members of the New York and Boston Stock Exchanges and other leading Exchanges.

Stebbins & Noble To Join DeCoppet & Doremus

Henry S. Noble and E. Vail Stebbins, both members of the New York Stock Exchange, will become associated with the Exchange firm of DeCoppet & Doremus, 42 Broadway, New York City, as of Jan. 1, 1942, Mr. Noble as a general partner and Mr. Stebbins as a limited partner. Both were formerly in business as individual floor brokers in New York City.

THE BOND SELECTOR

SCULLIN STEEL COMPANY 3s-6s, 1951

Scullin Steel Company convertible 3s-6s, 1951, currently selling on the Curb at 82, offer a current return of better than 7% on the basis of the full 6% interest paid in 1941, and expected to be paid in 1942. The 3% rate is fixed, with the additional 3% payable as earned as a maximum and non-cumulative. The bonds have ranged between 87¼ and 75¾ in 1941.

The present company was formed in 1926 as successor to a business originally established in 1899. In 1937, the company emerged from reorganization, and the present outstanding 3s-6s were issued in exchange, par for par, for the old first mortgage 6s, due 1941. Scullin manufactures miscellaneous steel castings, bolsters and truck frames for freight cars and locomotives and general steel castings for numerous heavy industrial purposes. The railroads constitute the principal outlet for the company's products, with the building industry next in importance.

In addition to the large volume of business flowing to the company as the result of the high level of railroad traffic, Scullin is actively engaged in defense work for the Government. At present, the company's plant and equipment at St. Louis is being expanded at a cost of $2,600,000 to provide facilities for a contract for welded armor plate for U. S. Army tanks. Among other work, the company is also engaged on an order amounting to $1,485,000 from the Government for bomb material.

Under the terms of the reorganization effected in 1937, the Scullin Steel 3s-6s, 1951, were to pay 3% fixed interest annually, payable in April and October. plus a maximum of 3% on April 1st in each year to the extent earned the previous year. This so-called income interest is non-cumulative and is not to be paid if working capital would thereby be reduced below $750,000. (At the end of 1940, net working capital was in excess of $2,000,000). Since the reorganization plan went into effect, fixed interest has been earned and paid in every year. The full 3% income interest has been earned in 1937 and 1940, and paid on April 1st of the following years, namely, 1938 and 1941. In 1939, $12.42 was paid and in 1940, $25.09.

The bonds are convertible into 30 shares of the company's common stock for each $1,000 principal amount of bonds. Since the stock currently sells at 9 and has not been over 15½ since reorganization, this conversion feature has no immediate value. However, this privilege, good to Oct. 1, 1944, may have a substantial potential value. There are outstanding (as of Dec. 31, 1940) $520,740 warrants, four of which entitle the holder to purchase one share of common stock at $10 per share up to May 1, 1942. Until such time as these bonds have been reduced to $2,462,500, they will, in an aggregate amount not to exceed $590,000, be accepted by the company at face value in payment for common stock purchased by holders of the warrants. Consequently, the effective subscription price for anyone holding bonds costing 82 is $8.20 per share rather than $10 per share. The warrants are now selling at 3/16, so that four warrants cost $0.75, or a total of $8.95 as the cost of a call on the common.

There has been some talk of a plan being worked out by which the bonds may be retired if conditions are such that sufficient bonds are retired through exercise of the warrants. At present they are callable at par. The bonds are a first mortgage on all the company's land, buildings, machinery and equipment. The indenture provides that dividends cannot be declared if by so doing working capital would be reduced below $750,000 nor can dividends be declared until all interest paid. In addition to these bonds, outstanding in the amount of $3,052,500, there was a note, payable in serial amounts, of $243,000, 29,940 shares of 5% convertible preferred and 136,025 shares of common.

Net working capital at the end of 1940 amounted to $2,295,000. Total current assets of $2,926,000 included $929,000 of cash, $1,157,000 of accounts receivable and $776,000 of inventories. Current liabilities totaled $631,000 and consisted solely of trade payables and accruals. Current ratio was 4.6 to 1.

As with most heavy industry companies, sales and earnings tend to fluctuate widely. One advantage possessed by Scullin, however, is that during some of the lean years railroads are inclined to rehabilitate existing rolling stock instead of purchasing entirely new equipment, so that this company tends to balance out more evenly from both sources. The 3% interest which is fixed has been earned regularly since 1937 as the following figures from the income account show:

	Net Sales	Oper. Income	Total Income	Deprec.	Avail. for Int. Chgs.	Fixed Interest	Fixed Int. X-Earned	Income Int. X-Earned
1940	$3,167,712	$701,241	$826,422	$218,011	$492,075	$91,757	5.37	4.35
1939	1,687,132	276,186	392,875	216,928	168,180	91,598	1.84	0.83
1938	1,670,384	286,148	357,777	216,599	129,804	91,826	1.41	0.41
1937	5,616,805	1,258,076	1,363,557	83,537	1,107,782	91,875	11.06	10.60

Obviously, any undertaking in bonds of this calibre necessitates a complete understanding of the risks involved in an essentially speculative venture tied in closely with the short-term fortunes of a heavy equipment manufacturer. It is likely, however, that earnings in 1941 will be substantially higher than last year, and any reversal in the unfavorable regard in which speculative bonds seem to be held should benefit the market for these bonds, the stock and the warrants.

EVERY EXTRA LEAF
IN THE TABLE
AND FAR
TOO MANY GUESTS
FOR CHRISTMAS DINNER !

That's the situation your telephone company faces every Christmas. That's why there may be delays on some Long Distance Christmas calls.

• Last Christmas Eve and Day the wires were jammed. The switchboards were manned by regular and extra operators working all through the holiday. Long Distance telephone calls were three, five and at some places *eight* times normal.

We're glad so many folks want to exchange friendly greetings across the miles at Christmas—but sorry that, because of it, we can't supply service as good as you usually get.

We expect the biggest rush of calls we've ever had this coming Christmas. We'll do our human best to prepare for it. But, inevitably, some calls will be slow. Some may not be completed. For these, we ask your patience and understanding.

Thank you, and Merry Christmas!

BELL TELEPHONE SYSTEM

Rail Stock Attractive

The current situation in the 5% preferred stock of Vicksburg Shreveport & Pacific Railway Company is particularly interesting at this time in view of the liberal yield of better than 8% at its present price, according to the Dec. 1st issue of "Guaranteed Stock Quotations," published by B. W. Pizzini & Co., 52 Broadway, New York City. Copies of the "Quotations," which also contain quotations on guaranteed railroad stocks throughout the country may be had from B. W. Pizzini & Co. upon request.

Special Memo On Request

Fuller, Cruttenden & Co., 120 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange, are distributing a special memorandum describing the Michigan Chemical Corporation and particularly the Company's common stock. Copies of this interesting memorandum may be obtained from Fuller, Cruttenden & Co. upon request.

INVESTMENT DEPARTMENT

The First National Bank of Saint Paul

U. S. Government and Municipal Bonds

F. H. PRINCE
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PROVIDENCE, RHODE ISLAND

HIGH-GRADE
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NEW YORK CITY

SUGAR
Exports—Imports—Futures

DIgby 4-2727

Tomorrow's Markets Walter Whyte Says——

(Continued from page 1427)

better than any other group in the United States, know that finance is not national; it is definitely international. A minor incident in a far off country, rating perhaps a stick on the back page of your daily newspaper, may affect securities markets here tremendously. This is understandable when it is remembered that American corporations do business all over the world. So when we awoke Sunday to discover that the Japanese had given our strongest naval base a severe blow we were horrified.

* * *

As this is being written the news coming over the radio is bad. Very bad. We have been told so often about the obsolescence of the Jap air arm and the lack of skill of it's aviators that we have been lulled into a false sense of security. So when on top of the news of the succesful raid against our insular possessions we are suddenly faced with the additional news that Britain's mightiest warships, the Prince of Wales and the Repulse, were attacked and sunk by Jap aircraft, we were stunned.

* * *

It is difficult to understand and condone our tactics which permitted this to happen. Until last summer we insisted on sending the raw materials to Japan, the materials that went into the making and the arming of the Japanese war machine. If you doubt this take a look at the following figures:

According to the United Press in 1938 we supplied Japan with more than 90% of it's scrap metal (part of the 6th Ave. "L" is now being thrown at us); 68% of all its oil; 98% of all its alloys; 92% of all its copper; 63% of all its aircraft and parts; 77% of all its automobiles and parts. Even in the first quarter of 1941 we sent Japan more than 8,000,000 pounds of lead, more than three times the amount we sold her in the same period of 1940. An in the first quarter of this year we sent her 1,097,000 bbls. of gasoline, nearly five times as much as in the same period of 1940. Crazy isn't it?

* * *

However, all this is over with. It can do no good to look back on what might have been.

* * *

The question now is: what now? Yet, like all such things, the questions are easier than the answers.

* * *

As this is being written the market is down. Stocks you have bought have broken their critical levels and are now lower. The only stocks that have managed to hold their heads up were Warner Bros. and Gulf, Mobile & Ohio pfd., and in the latter there is a $2.50 dividend declared a few days ago. Now, to get back to the what now.

* * *

Obviously the news from the Pacific will control prices. This news may change hourly. Naturally I cannot say what this news will be. But I can tell you how markets act. The first shock of the attack caught everybody, including the market, unprepared. So the market went down. As the additional details began filtering in, all bad, it went down still further. Most of the selling was of the panic variety. But as soon as the news changes in our favor this same kind of selling will turn into buying. I therefore believe that within the next two days the market will stage a reversal. It is on this reversal that changes will become important. If stocks manage to hold all gains, the worst, so far as we can know it, will be over. If it runs into fresh resistance we can look for lower prices. In any case, my advice is to hold off fresh buying but to hold on to the two stocks you still have.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Investment Trusts

(Continued from page 1431)

dend represents the forty-eighth consecutive quarterly distribution on the shares of Wellington Fund. Approximately 12 cents per share of this dividend is from ordinary net income and the balance of 18 cents per share from net security profits realized during 1941.

"Between Jan. 1 and Nov. 25, 1941 Wellington Fund has shown an increase in Market Value per share of 1.7% after adjustment for dividends paid. This appears to be a favorable showing when it is realized that during the same period general stock prices, as measured by the Dow Jones Composite Average, declined approximately 5.5% after adjustment for estimated dividends paid. The Wellington results were principally accounted for by the following factors: The maintenance of a substantial cash reserve during the early part of the year; the investment of a considerable portion of this reserve at the low prices prevailing during May and June; the subsequent increase in these reserves from $480,635 at June 30 to almost $1,000,000 in early October and the increase in market value of most of the medium grade senior securities in the portfolio. Following the recent market decline a portion of the October cash reserves has been invested, and the Fund is now in a position to invest the balance of the reserves at prices considerably below those prevailing a few months ago."

U. S. Treasury Offers $1,500,000,000 Bonds

(Continued from page 1431)

except for their own account. Subscriptions from banks and trust companies for their own account will be received without deposit. Subscriptions from all others must be accompanied by payment of 10% of the amount of bonds applied for. The bases on which subscriptions will be entertained from various classes of subscribers are contained in Treasury press statement of Dec. 3, 1941, a copy of which is attached. [This statement is given above.—Ed.]

2. The Secretary of the Treasury reserves the right to reject any subscription, in whole or in part, to allot less than the amount of bonds applied for, and to close the books as to any or all subscriptions at any time without notice; and any action he may take in these respects shall be final. Subscriptions for amounts up to and including $5,000 where the subscribers specify that delivery be made in registered bonds 90 days after the issue date will be given preferred allotment. In each such case a subscriber may not enter any other subscription, and payment must be made as provided in Section IV of this circular. Allotment notices will be sent out promptly upon allotment, and the basis of the allotment will be publicly announced.

IV. Payment

1. Payment at par and accrued interest, if any, for bonds allotted hereunder must be made or completed on or before Dec. 15, 1941, or on later allotment. In every case where payment is not so completed, the payment with application up to 10% of the amount of bonds applied for shall, upon declaration made by the Secretary of the Treasury in his discretion, be forfeited to the United States. Any qualified depositary will be permitted to make payment by credit for bonds allotted to it for itself and its customers up to any amount for which it shall be qualified in excess of existing deposits, when so notified by the Federal Reserve Bank of its district.

V. General Provisions

1. As fiscal agents of the United States, Federal Reserve Banks are authorized and requested to receive subscriptions, to make allotments on the basis and up to the amounts indicated by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for bonds allotted, to make delivery of bonds on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive bonds.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering, which will be communicated promptly to the Federal Reserve Banks.

HENRY MORGENTHAU, JR.,
Secretary of the Treasury.

UP-TOWN AFTER 3

NEW MOVIES

"Babes On Broadway" (MGM), with Mickey Rooney, Judy Garland, Fay Bainter, Virginia Weidler, Ray McDonald, Richard Quine, Donald Meek, Alexander Woolcott, James Gleason and others. Directed by Busby Berkeley.

This is one of the most interesting of the Rooney-Garland pictures yet released. It has everything an amusing movie needs. Its plot is fresh, its music excellent, its dancing grand and the singing of Judy Garland and the comedy antics of Mickey Rooney, top drawer stuff. The story involves a group of youngsters with Broadway ambitions who make their headquarters in a New York drugstore. Incidentally if the locale is not authentic it is taken from real life. There is a drugstore (Walgreen's—B'way & 44th) which is the meeting place of youngsters trying to get a start in show business. It is in this drugstore that they meet to exchange job notes, gossip and other show business tid-bits. In any case the drugstore thespians under the management of young Rooney get together and put on their own show for the benefit of a settlement house. Complications follow complications but everything works out well in the end. The picture is fast, the music is catchy (some of the songs will be hits) and acting is excellent.

"Paris Calling" (Universal), co-starring Randolph Scott and Elizabeth Bergner; with Gale Sonderberg and Basil Rathbone. . . . A poorly conceived and an improbable yarn about the Paris of just before and just after the German invasion. Story is about a lady and her Laval-like friend; an American flyer with the RAF who is caught in France while sleeping off a drunk, the Gestapo and lots of other fantastic people and things. At best it's a marines-have-landed-and-have-the-situation-well-in-hand kind of story. . . . **"Kathleen" (MGM)**, with Shirley Temple, Herbert Marshall, Laraine Day, Gail Patrick and others. The motherless poor little rich girl with imagination whose father is planning to marry a lady the little girl doesn't like. The little girl has her heart set on arranging marriage for her father with a child psychologist. But don't worry, everything works out well in the end. Shirley Temple is becoming a big—a very big—girl. Finding parts for what was once a cute little girl, but who now gives promise of looking like a weight lifter may not be so easy.

THE DAWN PATROL

The gang of newspapermen rolling off their seats at **Jimmy Dwyer's Sawdust Trail (W. 44th)** while listening to Dorothy Kay as she describes her romance with a reporter who promises her reams of page one publicity, roto pictures, etc., if—. And publicist Dorothy Kay insisting that she and the stripper have only one thing in common—the same name. Just as stripeuse gets through with her act a singer begins warbling, "Why Don't We Do This More Often?" . . . From the sawdust saloon to the soignee **Colony Restaurant (61st off Madison Av.)** is quite a jump. It's like coffee in the morning in a one armed joint to a State dinner in the evening at Buckingham Palace. But if you like food that is out of this world in surroundings that are ne plus ultra then **Gene Cavellero's Colony** is the place for you. **The Colony** (in case you don't know) is the place where the Duke and Duchess of Windsor lunched almost daily, and it's a poor day when the quiet room isn't filled with equally glamorous people. . . . **The Coq Rouge (E. 56th)** has gone supper clubbish with a bang! Twice nightly it has on display James Copp III who bellows forth the sagas of the bulb snatcher; the lady with a penchant for flies and other varied fauna. Maggi McNellis, a real honest to goodness member of the lifted pinky set, who can actually sing, and Tony Kraber who warbles amusing things about the lone prair-ee-ee. Dancing by Nick D'Amico's band, good, too! . . . **Ruban Bleu (4 E. 56th)** has a new show: Paula Laurence—you know about her. She's tops! The Peter Sisters, three sepian warblers weighing three tons on the hoof, but can they sing! Right now they are almost as good as the famed Andrews Sisters. . . . **The Cotillion Room (Pierre Hotel 61st & 5th Av.)**, one of the eye fillingest places in the East, also has a new show. Adelaide Moffett, who knows how to sing and how to use a microphone, and the Chandra-Kaly Dancers, two girls and a man, probably the grandest dancing trio in New York today. Their interpretations of Javanese dances, and Latin rhumbas put all other dancers to shame. The abandon with which they dance and their costumes are both breath taking as well as eye filling. The room itself is beautiful but now with the new show it belongs at the head of any night life "must" list. Music is continuous. Stanley Melba and his orchestra, and Bizony's Ensemble beat out the rhythms. Don't miss Melba's performance when he conducts his outfit. The faces he makes, the contortions, and at times the arguments he seems to get into with members of his orchestra are something to see.

The Penthouse Club
30 CENTRAL PARK SOUTH
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A most unique restaurant in a beautiful location, overlooking Central Park to the north.

Serving best food, skilfully prepared.

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Calendar of New Security Flotations

This announcement is neither an offer to sell, nor a solicitation of offers to buy, any of this Preferred Stock. The offering is made only by the Prospectus.

NEW ISSUE

53,690 Shares

Merck & Co., Inc.

4½% Cumulative Preferred Stock
(Par Value $100 Per Share)

Price $105 Per Share

Copies of the Prospectus may be obtained from such of the Underwriters, including those named below, as are registered dealers in securities in this State.

Goldman, Sachs & Co. **Lehman Brothers**

December 9, 1941.

OFFERINGS

MERCK & CO., INC.

Merck & Co., Inc., registered with SEC 53,690 shares 4½% cumulative preferred stock, $100 par, and 30,000 shares common stock, $1 par

Address—Rahway, N. J.

Business—Manufactures and sells chemicals for medicinal, household and industrial purposes

Underwriting—Names of underwriters, and number of shares of preferred and common stock each has agreed to purchase, are as follows:

	No. Shares Pfd.	No. Shares Com.
Goldman, Sachs & Co., N. Y.	11,595	6,480
Lehman Bros., New York	11,595	6,480
Baker, Weeks & Harden, N.Y.	1,500	838
Bodell & Co., Inc., Providence	1,500	838
Bristol & Willett, New York	1,000	560
Dillon, Read & Co., N. Y.	5,000	2,794
Drexel & Co., Philadelphia	2,500	1,396
First Boston Corp., New York	3,500	1,956
Harriman Ripley & Co., Inc. New York	3,500	1,956
Hemphill, Noyes & Co., N. Y.	2,000	1,118
Kidder, Peabody & Co., N. Y.	2,500	1,396
Laird, Bissell & Meeds, Wilmington, Del.	2,500	1,396
Merrill Lynch, Pierce, Fenner & Beane, New York	2,500	1,396
Union Securities Corp., N. Y.	2,500	1,396

Offering—The preferred and common stock will be offered to the public, at prices to be supplied by amendment to registration statement

Proceeds to company from sale of the 53,690 shares preferred stock, will be applied to payment of a $3,000,000 1¾% serial bank loan; balance will be added to company's general funds

Registration Statement No. 2-4902. Form A2. (12-1-41)

Effective 4:45 p. m., E.S.T., on Dec. 8, 1941

Offered—53,690 shares of preferred stock offered Dec. 9 at $105 per share. The proposed offering of 30,000 shares of common stock has been postponed

FLINTKOTE CO. (THE)

The Flintkote Co. registered with SEC 35,000 shares common stock, no par.

Address—30 Rockefeller Plaza, New York, N. Y.

Business—Directly or through subsidiaries, engaged in manufacture and sale of various asphalt and asbestos-cement roofing and siding products, structural and decorative insulation board products, asphalt emulsions, chipboards and boxboards, solid and corrugated containers, set-up and folding boxes, dry and saturated felts, rubber compounds and allied products.

Underwriters—None.

Offering—The 35,000 shares of common stock will be reserved for issuance by company to certain officers and employees of company and its subsidiaries from time to time, at not less than the then prevailing market price for company's common stock.

A total of 13,510 shares offered Dec. 4, 1941, to officers and employees at $11 per share under this registration. The balance, 21,490 shares, will be offered not later than Dec., 1942, to certain officers and employees of company and its subsidiaries at a price equivalent to the then prevailing market

Proceeds will be applied toward, or will be used to reimburse company for expenditures made in connection with, construction or acquisition of additional felt mill facilities in Vernon, Cal.

Registration Statement No. 2-4885. Form A-2. (11-13-41)

Effective 4:45 p. m., E.S.T., on Dec. 3, 1941

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, DEC. 11

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% bonds, due Dec. 1, 1971

Address—110 N. Illinois St., Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

Underwriting and Offering—The bonds will be sold under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters, and public offering price, will be supplied by post-effective amendment to registration statement

Proceeds, plus other funds of company if necessary will be applied to redemption, within 40 days after issuance of the bonds, of the $38,000,000 of Public Service Co. of Indiana first mortgage series A 4% bonds, due Sept. 1, 1969, at 106½ and accrued interest; and $4,000,000 of the net proceeds will be deposited with the trustee under the series D indenture and will be used in accordance with the provisions of the indenture

Registration Statement No. 2-4893. Form A2. (11-22-41)

Effective—10 a.m. E.S.T. on Dec. 6, 1941

Bids will be received by the company for the purchase of the bonds at Room 758 Field Bldg., 135 South La Salle St., Chicago, Ill., up to 12 noon C.S.T. on Dec. 16 1941

SATURDAY, DEC. 13

KANSAS-NEBRASKA NATURAL GAS CO., INC.

Kansas-Nebraska Natural Gas Co., Inc., registered with SEC 48,468 shares common stock, $5 par value

Address—Phillipsburg, Kan.

Business—Company is an operating public utility company engaged in the purchase of natural gas in Kansas, and in its transmission and wholesale and retail distribution in the States of Kansas and Nebraska

Underwriting—Names of underwriters, and number of shares underwritten by each, are as follows: First Trust Co., Lincoln, Neb., 11,108 shares; Harold E. Wood & Co., St. Paul, Minn., 15,132; Estes, Snyder & Co., Inc., Topeka, Kan., 10,012; United Trust Co., Abilene, Kan., 5,552; Beecroft, Cole & Co., Topeka, Kan., 6,664

Offering—The 48,468 shares are subject to purchase, under certain options, by the above underwriters, from the company, at a price of $5.4545 per share for a block of 8,468 shares, and at a price of $5.50 per share for the remaining 40,000 shares. The underwriters, upon exercise of their various options, propose to reoffer such shares to the public at a price of $6.50 per share

Proceeds will be added to working capital of company

Registration Statement No. 2-4894. Form A2. (11-24-41)

CHESAPEAKE CORPORATION OF VIRGINIA

Chesapeake Corporation of Virginia registered with the SEC an unstated number of shares of common stock, $5 par value. Company estimates that the number of shares to be involved is 135,000 shares

Address—West Point, Va.

Business—Company is engaged in the manufacture and sale of sulphate pulp, Fourdrinier kraft board and kraft specialties

Underwriting — Principal underwriters named are: Scott & Stringfellow, Richmond, Va., and Blyth & Co., Inc., New York. Names of other underwriters will be supplied by amendment to the registration statement

Offering—The shares of common stock to be offered under this registration statement are already issued and outstanding, and are to be offered to the public for the account of certain selling stockholders. Public offering price will be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4895. Form A2. (11-24-41)

MONDAY, DEC. 15

NEW ENGLAND TELEPHONE & TELEGRAPH CO.

New England Telephone & Telegraph Co. registered with the SEC 222,243 shares of common stock, $100 par value

Address—50 Oliver St., Boston, Mass.

Business—This subsidiary of the American Telephone & Telegraph Co. is engaged in the telephone business in Maine, New Hampshire, Vermont, Massachusetts and Rhode Island

Underwriting and Offering—The 222,243 shares of common stock are to be offered pro rata by company for subscription at $100 per share, to its common stockholders of record Dec. 19, 1941, in the ratio of one share for each 6 shares then held. Subscription rights evidenced by warrants to be issued to such stockholders, will expire on Jan. 15, 1942. The company may sell, at not less than $100 per share, such portion of the 222,243 shares as may not be purchased through the exercise of subscription rights, and in such event company will file an amendment to the registration statement stating the proposed number and offering price of such shares, the manner of sale and all other matters required to be stated in connection with such sale. The offering of the 222,243 shares is not underwritten

Proceeds will partly reimburse company's treasury for uncapitalized expenditures to its telephone plant; a portion of such treasury funds will be used to repay the parent AT&T for advances of approximately $13,500,000; and the remainder of the proceeds will be used for general corporate purposes

Registration Statement No. 2-4896. Form A2. (11-26-41)

THE MARYLAND DRYDOCK CO.

The Maryland Drydock Co. has filed registration statement with SEC for 112,740 shares of common stock, $1 par value

Address—Fairfield, Baltimore, Md.

Business—Engaged in a general line of ship repair, reconditioning and conversion work on ocean-going vessels, including freighters, passenger ships, tankers, colliers, dredges, lighthouse tenders, Coast Guard cutters, mine layers, troop ships and Navy destroyers, and also bay and river craft of most types

Underwriters—Shields & Co., New York, is named as principal underwriters; other underwriters will be named by amendment

Offering and Proceeds—The 112,740 shares of common stock are already outstanding and are owned by Koppers Co., which will receive all of the proceeds from the sale thereof. Upon consummation of the sale of these shares, Koppers Co. will not own any shares of common stock of company. The public offering price will be supplied by amendment to registration statement

Registration Statement No. 2-4897. Form S2. (11-26-41)

TUESDAY, DEC. 16

SOUTH CAROLINA INSURANCE CO.

South Carolina Insurance Co. registered with SEC 12,500 shares common stock, $8 par value

Address—1400 Main St., Columbia, S. C.

Business—Engaged principally in the writing of fire insurance

Underwriting and Offering—The shares will first be offered for subscription to present stockholders, under their preemptive rights, at price of $16 per share. Unsubscribed portion of such shares will be offered to public at $18 per share, within 30 days after effective date of registration statement. Underwriters will be named by amendment; underwriting commission will be $2 per share

Proceeds will go directly to capital ($100,000) and the residue to surplus. Company deems it essential to comply with laws of New York State, soon to become effective requiring a minimum capital of $250,000 and with the laws of Massachusetts requiring a minimum capital of $300,000

Registration Statement No. 2-4898. Form A2. (11-27-41)

WEDNESDAY, DEC. 17

ABBOTT LABORATORIES

Abbott Laboratories registered with SEC 30,000 shares 4% cumulative preferred stock, $100 par

Address—14th St. & Sheridan Rd., North Chicago, Ill.

Business—Engaged in business of manufacturing fine pharmaceutical preparations, important medicinal chemicals and biologies, and widely used vitamin products

Underwriting—Underwriters, and number of shares which each has agreed to purchase, are: A. G. Becker & Co., Inc., 15,000; F. S. Mosely & Co., 7,500; Shields & Co., 7,500 (all of Chicago). Underwriting commission is set at $2.75 per share

Offering—Public offering price will be supplied by amendment

Proceeds will be used as follows: $1,382,654 to redemption, at $107 per share, of all outstanding 4½% convertible preferred stock; $400,000 to replace working capital heretofore or hereafter expended by company in connection with construction activities at company's plant; and balance for working capital

Registration Statement No. 2-4899. Form A2. (11-28-41)

Effective 4:45 p. m., E.S.T. on Dec. 8, 1941

THURSDAY, DEC. 18

GENERAL SHOE CORPORATION

General Shoe Corporation has filed a registration statement with the SEC for $2,500,000 of 15-year 3¼% sinking fund debentures, due Dec. 1, 1956

Address—513 Gallatin Ave., Nashville, Tenn.

Business — Manufactures and sells a range of low-priced and medium-priced men's and boys' shoes, including work shoes; boots; children's shoes; and growing girls' and women's shoes. Principal advertised trade names are Jarman, Fortune, Skyrider, Betty Barrett and Friendly

Underwriting—Smith, Barney & Co., New York, is named principal underwriters; others will be named by amendment

Offering—The debentures will be offered to the public, at a price to be supplied by amendment

Proceeds will be added to company's general funds

Registration Statement No. 2-4900. Form A2. (11-29-41)

SATURDAY, DEC. 20

TIME FINANCE CO.

Time Finance Co. registered with SEC $400,000 10-year 5% sinking fund debentures, due Dec. 1, 1951, and option warrants for 20,000 shares common stock, $1 par value

Address—Louisville, Ky.

Business—Engaged in the "small loan" personal loan business in Kentucky and Minnesota

Underwriting—Underwriters of the debentures are Piper, Jaffray & Hopwood, Minneapolis, and Bankers Bond Co., Louisville, Ky. Underwriting commission is 6%

Offering—The debentures will be offered to the public at 100. Purchasers of each $1,000 debenture will receive an option warrant entitling holders to purchase 50 shares of common stock on or prior to Dec. 1, 1943, at $2.75 per share; purchasers of each $500 debenture will receive option warrants entitling holders to purchase 25 shares of common stock on or before Dec. 1, 1943, at $2.75 per share

Proceeds will be added to working capital

Registration Statement No. 2-4901. Form A2. (12-1-41)

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., has filed registration statement with SEC for 1,000 shares 6% non-cumulative preferred stock, $100 par; 3,500 shares class A voting common stock, $1 par; and 50,000 shares of class B non-voting common stock, $1 par

Address—108 Market St., Danville, Va..

Business—Manufacture and sale of Pinehurst cigarettes and other brands and smoking tobaccos treated with the company's patented Panax Process

Underwriting—None. Securities will be sold by officers and licensed salesmen of company, and by John W. Yeaman, of Martinsville, Va. Commission to selling agents is $12.75 per share of preferred and 75 cents per share for the class A and B common stock

Offering—The securities will be offered to public at following prices: $85 per share for the preferred stock, and $5 per share each for the class A and class B common stocks. The preferred and class B common may also be sold in units of one share of preferred and 3 shares of class B stock at $100 per unit

Proceeds will be used to purchase a manufacturing plant, equipment, advertising campaign expenses, and for working capital

Registration Statement Nc. 2-4903. Form A1. (12-1-41)

SUNDAY, DEC. 21

KEARNEY & TRECKER CORP.

Kearney & Trecker Corp. filed registration statement with SEC for 198,083 shares common stock, $3 par value

Address—6784 W. National Ave., West Allis, Wis.

Business—Manufactures and sells milling machines, which are machine tools widely used in industry for the facing, removal and shaping of metal through the application of a multiple toothed rotating cutting tool to a work piece secured to a moveable table

Underwriters—Blyth & Co., Inc., New York, and The Wisconsin Co., Milwaukee, Wis., are named principal underwriters, others will be named by amendment. Underwriting commission will be $3.50 per share

Offering—The shares registered are already outstanding and are to be sold to the public for the account of certain selling stockholders; public offering price will be supplied by amendment. Proposed maximum offering price, based on the SEC filing fee, is $30 per share

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4904. Form S2. (12-2-41)

PITTSBURGH STEEL CO.

Pittsburgh Steel Co. has filed a registration statement with the SEC for $2,000,000 of first mortgage series B 4½% bonds, due Dec. 1, 1950

Address—1600 Grant Building, Pittsburgh, Pa.

Business—Engaged primarily in manufacture and sale of semi-finished steel products, wire products and tubular products

Underwriting—Kuhn, Loeb & Co., and A. G. Becker & Co., Inc., both of New York, each have agreed to purchase $1,000,000 principal amount of the bonds

Offering—The bonds will be offered to the public, at a price to be supplied by amendment

Proceeds to extent of $1,040,000 will be deposited with Trustee and will be withdrawn from time to time in the future against property additions which are now contemplated; balance for working capital

Registration Statement No. 2-4905. Form A2. (12-2-41)

VULTEE AIRCRAFT, INC.

Vultee Aircraft, Inc., filed registration statement with SEC for 260,000 shares $1.25 cumulative convertible preferred stock, no par; and 650,000 shares $1 par value common stock, latter reserved for later issuance upon exercise of conversion privilege of the preferred stock

Address—Vultee Field, Downey, Calif.

Business—Engaged in development, design, construction, manufacture and sale of aircraft, and sale of aircraft accessories manufactured by outside interests

Underwriting — Blyth & Co., Inc., and Emanuel & Co., both of New York City, are named principal underwriters; names of other underwriters will be supplied by amendment

Offering—The preferred stock will be offered to the public, at a price to be supplied by amendment to registration statement

Proceeds from sale of the preferred stock will be applied to the purchase, on or before Dec. 26, 1941, of 440,000 shares common stock of Consolidated Aircraft Corp. from Major R. H. Fleet, members of his immediate family and others for whom he is agent, at a total price of $10,945,000. Of such purchase price, $1,665,000 will be paid with a 3% note of company in that amount due June 30, 1942. Provision is made that the company may discharge the note at its election either by payment of principal amount thereof in cash, or issuance of 225,000 shares of its common stock to Major Fleet or on his order. The balance of the cash required will be obtained from sale of 150,000 shares of company's common stock to Aviation Corp. at $10 per share, from the company's general funds, and from additional bank loans or deferment of current liabilities

Registration Statement No. 2-4906. Form A1 (12-2-41 San Francisco)

TUESDAY, DEC. 23

FOOD MACHINERY CORP.

Food Machinery Corp. filed registration statement with SEC for $4,000,000 sinking fund debentures, due 1956. Interest rate will be supplied by amendment to registration statement

Address—San Jose, Cal.

Business—Manufacture and sale of food cleaning and packing machinery

Underwriters—Kidder, Peabody & Co., and Mitchum, Tully & Co,

Offering—The debentures will be offered to the public, at a price to be supplied by amendment

Proceeds will be applied toward payment of outstanding bank loans, and for working capital purposes

Calendar of New Security Flotations

Registration Statement No. 2-4907: Form A2. (12-4-41 San Francisco)

THURSDAY, DEC. 25

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol, Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich, Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters, who are to acquire such shares as follows: Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2. (12-6-41)

SATURDAY, DEC. 27

BOND STORES, INC.

Bond Stores, Inc., filed registration statement with the SEC for 50,000 shares common stock, $1 par value

Address—261 Fifth Ave., New York City

Business—Business consists principally of retail sale of men's and young men's clothing at 59 stores located in 48 cities, and the manufacture by the company of most of the clothing sold at such stores

Underwriters — Lehman Brothers, and Wertheim & Co., both of New York

Offering—The 50,000 shares are already outstanding and are to be offered to the public for the account of Benj. J. Friedman, President of the company. Public offering price will be determined in accordance with a formula, evolving around the then price of such common stock on the New York Stock Exchange

Proceeds will be received by Benj. J. Friedman, President of company

Registration Statement No. 2-4909. Form A2. (12-8-41)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

The company has filed an amendment to its registration statement with the Securities and Exchange Commission disclosing that its 50,000 shares of $1.37½ cumulative convertible preferred stock will be offered to the public by the following underwriters:

	Shares
White, Weld & Co.	12,500
Jackson & Curtis	10,000
Merrill, Lynch, Pierce, Fenner & Beane	10,000
Stern, Wampler & Co.	5,000
E. H. Rollins & Sons	4,000
Pacific Co. of California	4,000
Mitchum, Tully & Co.	1,500
Cohu & Torrey	1,000
Fuller, Cruttenden & Co.	1,000
Vietor Common & Co.	1,000

Amendment filed Nov. 25, 1941, to defer effective date

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

Offering—Stock will be offered to public at price to be filed by amendment

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

Amendment filed Dec. 8, 1941, to defer effective date

BEACON ASSOCIATES, INC.

Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971

Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21, 1941

Address—216 Turks Head Bldg., Providence, R. I.

Business—Engaged in the small loan business in Rhode Island and Massachusetts

Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85

Underwriter—F. L. Putnam & Co., Inc., Boston

Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries

Registration Statement No. 2-4790. Form A-2. (6-27-41)

Effective—3:00 P.M. E.S.T., August 22 as of July 17, 1941

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

Amendment filed Dec. 3, 1941, to defer effective date

BONWIT TELLER, INC.

Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par

Address—721 Fifth Avenue, New York City

Business—Operation of specialty store in New York City

Underwriters—To be filed by amendment

Offering Terms — Preferred and common will be publicly offered at prices to be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred

Proceeds—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company

Registration Statement No. 2-4748. Form A-2. (4-30-41)

Amendment filed Nov. 24, 1941, to defer effective date

CAROLINA TELEPHONE & TELEGRAPH CO.

Carolina Telephone & Telegraph Co. registered with SEC 10,625 shares common stock, $100 par, and subscription warrants evidencing rights to subscribe for such 10,625 shares common stock

Address—122 St. James St., Tarboro, N. C.

Business—This operating company is engaged in the telephone business in the eastern part of North Carolina. About 31.67 of its common stock is owned by Southern Bell Telephone & Telegraph Co. (a subsidiary of AT&T)

Underwriters—There is no underwriting involved in connection with this financing

Offering—Common stockholders of record Nov. 26, 1941, are being granted transferable warrants to subscribe at $100 per share for the 10,625 shares of common stock, at the rate of one share for each 4 shares then held. Warrants expire Dec. 29, 1941. Company reserves right to reoffer for sale, at a price in no event less than $100 per share, such of the 10,625 shares of common stock as are not subscribed for by stockholders in the exercise of the warrants

Proceeds to payment of $830,000 of bank loans, balance for plant and equipment additions and betterments, and for working capital

Registration Statement No. 2-4875. Form A2 (11-4-41)

Effective 4:45 p. m. E.S.T. on Nov. 19, 1941

CHAMPION PAPER & FIBRE CO.

Champion Paper & Fibre Co. registered with SEC $8,500,000 of first mortgage bonds, due Nov. 1, 1956 (interest rate to be filed by amendment); 40,000 shares $5 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

Business—Largest domestic manufacturer of the types of paper known in the trade as white papers and book papers, and is one of the largest domestic manufacturers of coated papers

Underwriters are W. E. Hutton & Co and Goldman, Sachs & Co., both of New York, N. Y.

Offering—The bonds and preferred stock will be offered to the public, at prices to be supplied by amendment

Proceeds will be used to redeem the outstanding aggregate of $8,660,000 of 4¾% sinking fund debentures ($4,125,000 principal amount due 1950, at 104½; $4,535,000 principal amount of the 1938 Issue at 102¼), requiring $8,947,663. Balance of net proceeds will be added to working capital

Registration Statement No. 2-4867. Form A2. (10-25-41)

Amendment Filed—Company has filed an amendment with the SEC to its registration statement disclosing that the bonds would bear interest at the rate of 3½% per annum. The public offering price of the bonds and the preferred stock will be supplied by later amendment

Also disclosed in the amendment is the names of the underwriters for the bonds and preferred stock, together with the each, as follows (all of New York City, unless otherwise indicated):

	Prin. amt. of bonds	No. of shs. of pref. stk
W. E. Hutton & Co.	$1,700,000	8,000
Goldman, Sachs & Co.	1,700,000	8,000
R. S. Dickson & Co.	127,000	600
Drexel & Co., Phila.	425,000	2,000
Field, Richards & Co., Cincinnati	85,000	400
First Boston Corp.	425,000	2,000
Harriman Ripley Co.	425,000	2,000
Hemphill, Noyes Co.	255,000	1,200
Hornblower & Weeks	340,000	1,600
Johnson, Lane, Space & Co., Savannah	85,000	400
Kidder, Peabody Co.	765,000	3,600
Kuhn, Loeb & Co.	850,000	4,000
W. C. Langley & Co.	340,000	1,600
Lee Higginson Corp.	511,000	2,400
Piper, Jaffray & Hopwood, Minneapolis	127,000	600
White, Weld & Co.	340,000	1,600

Offering Deferred—Company announced Nov. 17 that the offering of the securities has been postponed for the present.

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendment filed Dec. 6 to defer effective date

COMPOSITE BOND FUND, INC.

Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.

Address—601 Riverside Ave., Spokane, Wash.

Business — Open-end investment trust, limited to investments in bonds.

Underwriting—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.

Offering—To be offered to the public at the then prevailing market price.

Proceeds—Will be used for investment purposes.

Registration Statement No. 2-4825 Form A-1. (8-28-41)

Amendment filed Nov. 8, 1941, to defer effective date

CONSOLIDATED AMUSEMENT CO., LTD.

Consolidaaed Amusement Co., Ltd., registered with SEC 50,000 shares common stock, no par

Address—Honolulu, Hawaii

Business—Engaged in exhibiting motion pictures in theatres owned or operated by it on the Islands of Oahu, Hawaii and Kauai in the Territory of Hawaii and of distributing motion pictures for exhibition purposes to other exhibitors on the Islands of Oahu, Hawaii, Maui, Lanai, Molokai and Kauai in the Territory of Hawaii

Underwriters—None

Offering—The shares will be offered for subscription at $10 per share pro rata to holders of common stock of record Oct. 15, 1941, on a one for three basis, through warrants, exercisable up to and including Dec. 27, 1941. Unsubscribed portion of such 50,000 shares will be sold at public auction in Honolulu. There is no underwriting in connection with this offering. Of the 50,000 shares so offered, 33,813 shares will upon their issuance be subject to the Voting Pool Agreement, as extended to April 15, 1950

Proceeds will be used to redeem, on Dec. 10, 1941, the outstanding 6% Series A cumulative preferred stock of company

Registration Statement No. 2-4880. Form A2. (11-7-41)

Effective 4:45 p. m. E.S.T. on Nov. 19, 1941

Consolidated Amusement Co., Ltd., also filed registration statement with SEC covering voting trust certificates to be issued for a maximum of 33,813 shares of common stock, no par, registered above (2-4880)

Registration Statement No. 2-4881. Form F1 (11-7-41)

Effective 4:45 p. m. E.S.T. on Nov. 19, 1941

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed Nov. 27, 1941, to defer effective date

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield, Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock, owned by parent company, at latter's cost Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

Amendment filed Nov. 26, 1941, to defer effective date

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

Registration Statement No. 2-4717. Form A-2. (3-29-41)

Amendment filed Dec. 8, 1941, to defer effective date

MIDWEST TOOL & MANUFACTURING CO.

Midwest Tool & Manufacturing Co. registered with SEC 50,000 shares common stock, $1 par.

Address—Detroit, Mich.

Business—Manufacturer of precision cutting tools, etc.

Underwriter—Keane & Co.

Offering—The 50,000 shares will be offered to the public at $2 per share. Of the shares registered, 27,125 shares are to be offered for the account of the company, and the remaining 22,875 shares (already issued and outstanding) will be offered for the account of two selling stockholders.

Proceeds to company from sale of the 27,125 shares will be used for payment of outstanding bank loans, final installment on sales contract, and the balance for working capital.

Registration Statement No. 2-4886. Form S-2 (New form) (11-13-41 Cleveland).

Amendment filed Nov. 28, 1941, to defer effective date

Effective 4:45 p. m., E.S.T., on Dec. 5, 1941

MOBILE GAS SERVICE CORP.

Mobile Gas Service Corp. registered with SEC $1,400,000 first mortgage bonds, due Dec. 1, 1961 (interest rate to be supplied by amendment), and 6,000 shares 6% cumulative preferred stock, $100 par.

Address—162 St. Francis St., Mobile, Ala.

Business—An operating utility subsidiary of Consolidated Electric & Gas Co., company furnishes natural gas service at retail in Mobile, Ala., and vicinity.

Underwriting and Offering—The bonds and the preferred stock will be sold by company under the competitive bidding Rule U-50 of the SEC's Holding Company Act, as soon as practicable after the registration statement shall have become effective. Names of the underwriters and public offering prices will be supplied by amendment.

Proceeds will be applied as follows: To the redemption, at 100 and accrued interest, of the outstanding $876,700 of first mortgage 5% bonds of 1956, the outstanding $637,750 of first mortgage income bonds series A (9%) of 1956, and the outstanding $236,950 of first mortgage income bonds series B (7%) of 1956; balance of $75,000 will be used to establish a construction fund to provide for acquisition or construction of additional property.

Registration Statement No. 2-4887. Form A-2 (11-15-41).

Effective 3:30 p. m. E.S.T. on Dec. 2, 1941

Bids will be received for the purchase of the securities at 90 Broad St., New York, before 11 a. m. E.S.T. on Dec. 16

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, $20 par

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

Underwriter—Blyth & Co., and others to be named by amendment

Offering—Stock will be publicly offered at price to be filed by amendment

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2. (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

NORTH SHORE GAS CO.

North Shore Gas Co. registered with the SEC $3,700,000 of first mortgage series A bonds, due 1961, and $700,000 serial notes due $50,000 semi-annually in 1942-1948, inclusive. Interest rates and maturity dates will be supplied by amendment

Address—211 Madison St., Waukegan, Ill.

Business—This public utility company is engaged principally in the production, distribution and sale of gas for heat, light, power and other purposes; gas sold consists partially of water gas and partially of coke oven gas. Territory served comprises 270 sq. miles, including all of the communities situated along the shore of Lake Michigan from the Illinois-Wisconsin State line on the north to the south boundary of Winnetka, Ill., on the south

Underwriters—Central Republic Co., Chicago, is named principal underwriter; names of other underwriters will be supplied by amendment

Offering—The bonds and notes will be offered to the public, at prices to be supplied by amendment.

Proceeds, plus other funds of company, will be applied to payment, at 100 and accrued interest, of the $4,604,000 of joint first mortgage 4% Series A bonds, due Jan. 1, 1942, of company and North Shore Coke & Chemical Co.

Registration Statement No. 2-4889. Form A2. (11-18-41)

Company has filed an amendment with the SEC disclosing that the $3,700,000 first mortgage series A bonds of company would bear an interest rate of 4% per annum, and would mature on Dec. 1, 1961. Also, that the $700,000 of serial notes would mature $50,000 on each June 1 and Dec. 1, from June 1, 1942, to Dec. 1, 1948, both inclusive. The public offering prices of the bonds and notes, and the interest rates on the notes, will be supplied by a subsequent amendment to the registration statement

The underwriters, and the principal amount of the bonds and notes which each has agreed to purchase, are as follows:

	Bonds	Notes
	(000 omitted)	
Central Republic Co., Inc., Chicago	$1,050	$200
E. H. Rollins & Sons Inc., New York	900	170
Stern, Wampler & Co., Inc., Chicago	650	120
Coffin & Burr, Inc., Boston	600	115
A. C. Allyn & Co., Inc., Chic.	500	95

PACIFIC TELEPHONE & TELEGRAPH CO.

Pacific Telephone & Telegraph Co. registered with the SEC 656,250 shares of common stock, $100 par value.

Address—140 New Montgomery St., San Francisco, Calif.

Business—Company and its subsidiaries provide telephone service in about 650 exchanges in California, Nevada, Oregon, Washington and northern Idaho, including San Francisco, Oakland, Berkeley, Sacramento, Portland, Seattle, Spokane, Tacome, Los Angeles, San Diego and Pasadena. Company is controlled by American Telephone & Telegraph Co.

Underwriters—No underwriters named in registration statement.

Offering—The 656,250 shares common stock will first be offered by company to its stockholders of record Dec. 1, 1941, through warrants at a price of $100 per share. The warrants will expire on Dec. 31, 1941. The unsubscribed portion of such shares will later be offered to the public, at not less than $100 per share. Further details as to the offering will be supplied by amendment.

Proceeds will be used to repay advances from the parent company, and any excess is to be used for plant extensions, additions and improvements, and for working capital.

Registration Statement No. 2-4879. Form A2. (11-6-41-San Francisco)

PANAMA COCA-COLA BOTTLING CO.

Panama Coca-Cola Bottling Co. registered with the SEC 33,750 shares common stock $1 par

Address—19-A Avenue Jose Francisco de la Ossa, Panama, R. de P.

Business—Engaged in business of bottling Coca-Cola and other carbonated beverages and in manufacture of ice-cream and ice, all of which are sold wholesale in the Republic of Panama and in the Canal Zone

Underwriters—Elder & Co., New York, is the sole underwriter

Offering—The shares will be offered to the public at $12.50 per share; underwriting commission is $2.50 per share

Proceeds—Will be used to increase the company's working capital

Registration Statement No. 2-4870. Form S-2 (New Form) (10-29-41)

Effective 3 p. m. E.S.T. on Nov. 25, 1941

RAILROAD EMPLOYEES CORP.

Railroad Employess Corp. registered with SEC $750,000 5% convertible sinking fund debentures, due Dec. 1, 1956; and undetermined number of shares $1 par class A common stock, reserved for issuance on conversion of the debentures

Number of shares reserved for conversion purposes, 107,142

Address—155 E. 44th St., N. Y. City

Business—Through subsidiaries, engaged in the "small loans" business in New York and New Jersey

Underwriters—E. H. Rollins & Sons, Inc., New York, is principal underwriter; others to be named by amendment

Offering—Debentures will be offered to public, at price to be supplied by amendment

Price supplied by amendment, $98

Proceeds will be added to general funds, and used in part to reduce bank loans and commercial paper

Registration Statement No. 2-4891. Form A2. (11-19-41)

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2. from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

(This List is Incomplete This Week)

Columbia Aircraft Products Offered $2,000,000 Hub Subcontracting Order

One of the largest subcontracting orders yet offered Columbia Aircraft Products, Inc., involving an original order of approximately $2,000,000 for propeller hubs, is presently under negotiation. This, it is said, is a difficult production order and company is assured that it has been approached because of the excellency of its management and the confidence of the contractor that Columbia can satisfactorily make and deliver. The order requires the use of equipment which Columbia does not now have but delivery on the equipment has been promised on or about March 1, which company believes will satisfy the contractor. Equipment involved is approximately $100,000 and the cost of the equipment will be added to the price of the first 5,000 pieces ordered and will be amortized as delivered. If the equipment is not fully amortized in the event that the order is canceled, then the contractor will pay the balance of the equipment. The initial order for $2,000,000 will, it is anticipated, be repeated continuously until at least the end of the present war. The directors believe that this order would be in line with the policy of the company and they therefore authorized the engineering staff to devote the necessary time to its negotiation.

A new direct order from Glenn L. Martin for an additional lever has been received. This is the second new lever on direct order from Glenn L. Martin. The company has been producing sets of levers for Glenn Martin as a subcontractor for some time. Each set consisted of 18 levers. Only recently, however, has the company received its orders direct from Glenn Martin and since then additional levers have been added to the sets so that now they total 20 to a set. An entire set of 20 is used in each of their bombers. The receipt of this order indicates that complete sets in the future will total 20 to a set.

It is understood that Bendix officials who looked over the new plant and are said to have been satisfied with it have asked the company to quote on approximately $150,000 worth of generator parts and definite word on these orders is expected within a short time.

It is understood that another large important order is pending.

Columbia on Oct. 9 last expanded its production facilities by leasing for a five-year period a new and modern plant at Somerville, N. J., consisting of 32,000 square feet of floor space. This plant was recently opened. Company's other plant is at Dunellen, N. J.

Company is engaged in the manufacture of vital precision parts and essential equipment for airplane engines and airplanes. It manufactures aviation equipment for such companies as Wright Aeronautical, Bendix Aviation, Sperry Gyroscope, Air Associates, Glenn L. Martin and Curtiss Wright Propeller Co.

[A digest of the company's earnings for the three months ended Oct. 31, 1941, will be given in the Investment News Section of this Saturday's "Chronicle."]

The Securities Salesman's Corner

A MAILING IDEA FOR ACQUIRING NEW CUSTOMERS

Last week, we pointed out the desirability of having certain "direct mail" objectives. For instance, let us take the type of mailing which is specifically directed toward obtaining qualified new prospects for the sales force. The following is a sample of one of the most effective and simple mailings that we have even seen. This column passes it along without any guarantees, except to say that it has been tried on certain lists and has produced replies as high as thirty odd percent.

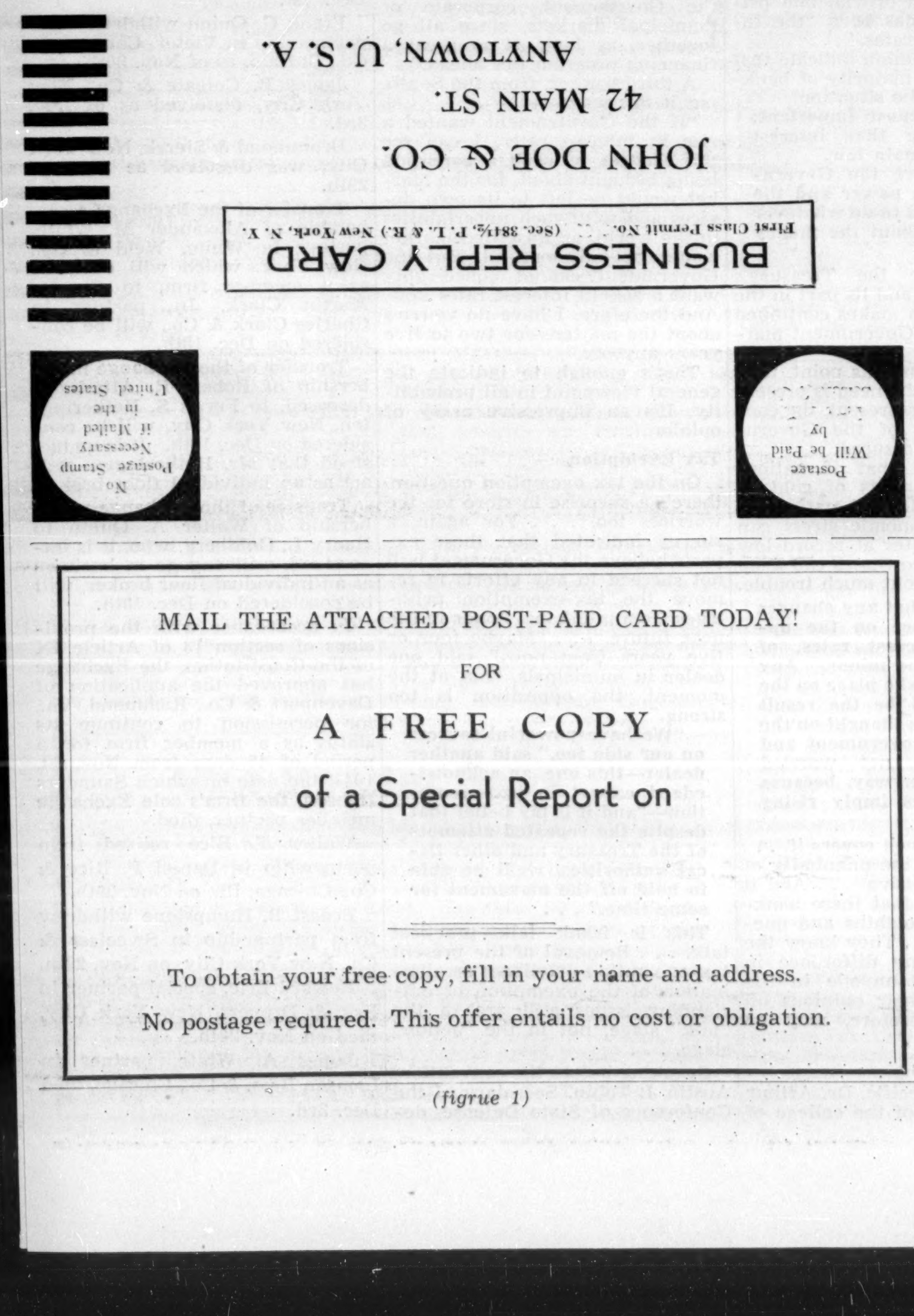
Have your printer prepare a supply of cards as shown below.

You will notice that the bottom part of this card can be detached (since it is perforated in the middle). This lower part is detached and signed by the recipient, and he can return it to the Dealer, simply by dropping it in the mailbox. No postage is necessary. The Dealer must, however, receive a permit number from the Post Office Department, which will enable him to use such a business reply card. This permit number must be printed on the card as shown in figure (1).

The top of the card (figure 2) is where the Dealer places the address of his prospect. Then it is folded along the perforation in the middle, with side (figure 2) on the outside. The only other steps necessary in preparing this mailing is to have the office stenographer either type in or rubber stamp the name of the security which the report describes on the upper part of the card in figure (1) and also on the space provided on the card shown in figure (2). Then the two sides of the card are joined, by attaching a cent and one-half stamp to the middle of the two sides which have now been brought together by bending the card down the middle, where it has been perforated.

It is essential to select a stockholder's or bondholder's list that is reasonably up to date, for a mailing of this type. Results are also more effective in a situation where unusual news items or happenings of current interest are taking place at the time of the mailing. The person who receives such an offer of information at a time when he may have heard some news (either good or bad) about the situation in which he has an interest is more likely to desire more information.

When these cards are returned, the sales department should follow them up. The main purpose of the first card is to make a contact—in other words, gain attention. From here on, it is a matter of creating confidence and eventually acquiring new customers. The law of averages will work, and direct mail carefully followed up by an intelligent and alert sales organization will bring new customers.



No Postage Stamp Necessary if Mailed in the United States

BUSINESS REPLY CARD
First Class Permit No. (Sec. 384½, P. L. & R.) New York, N. Y.

JOHN DOE & CO.
42 MAIN ST.
ANYTOWN, U. S. A.

MAIL THE ATTACHED POST-PAID CARD TODAY!

FOR

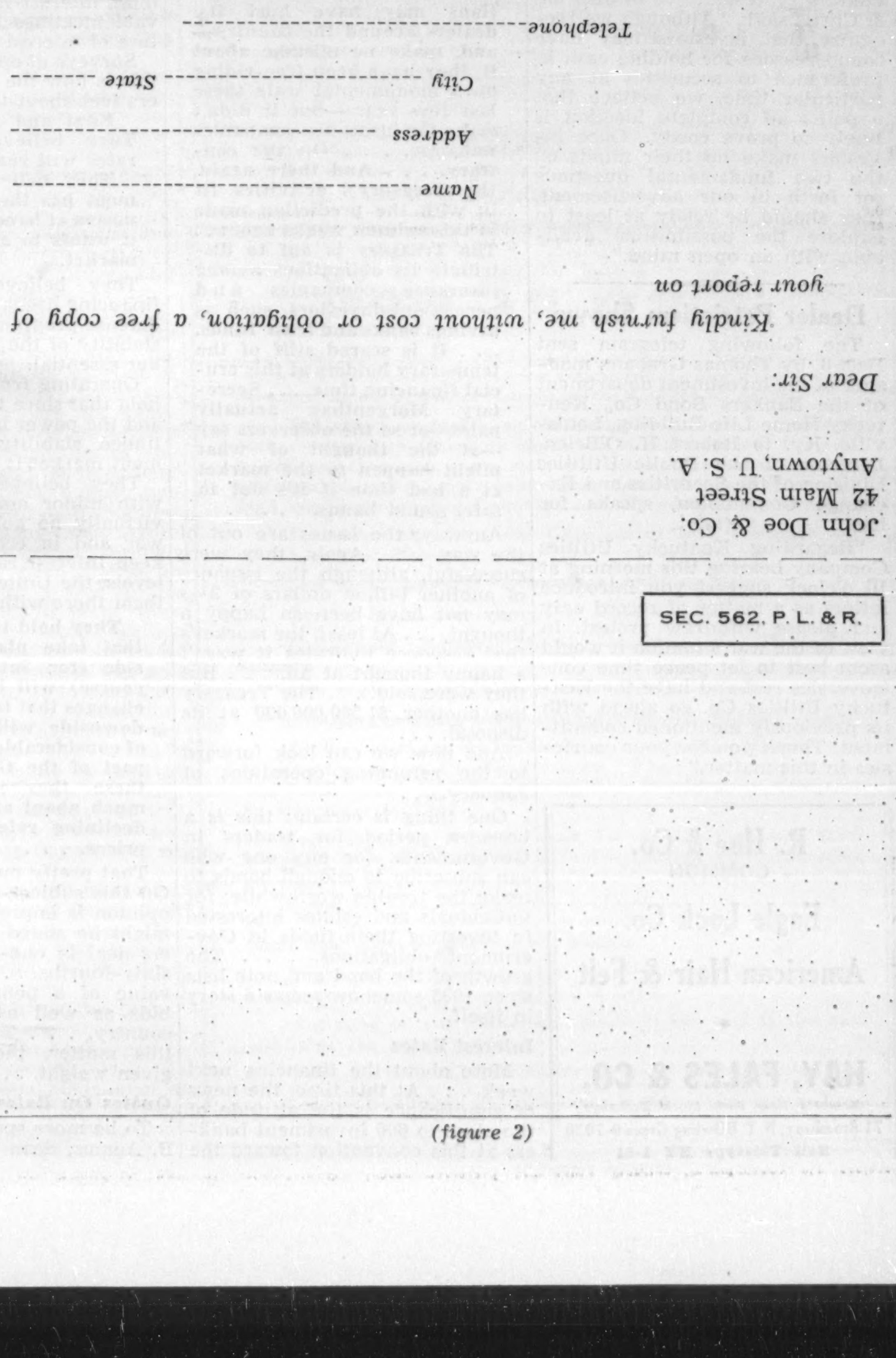
A FREE COPY

of a Special Report on

To obtain your free copy, fill in your name and address.

No postage required. This offer entails no cost or obligation.

(figrue 1)



Postage Will be Paid by [illegible]

John Doe & Co.
42 Main Street
Anytown, U. S. A.

Dear Sir:

Kindly furnish me, without cost or obligation, a free copy of your report on

Name ------------------------------------

Address ------------------------------------

City ---------------------------- *State* --------

Telephone ------------------------------------

SEC. 562, P. L. & R.

(figure 2)

BIDS MADE ON BONDS WITH
COUPONS MISSING
OR
MUTILATED
Inquiries Invited
S. H. JUNGER CO.
40 Exchange Pl., New York
Phone Digby 4-4832 Teletype N. Y. 1-1779

Now Is Time To Invest Says Jackson & Curtis

In a newspaper advertisement headed "Isn't This Logical," Jackson & Curtis, members of the New York Stock Exchange, point out that investors should now make their decisions on two fundamental points. Urging that investors put sentiment entirely aside and take a strictly objective view of the situation, the firm states that these two questions are: "Will the democracies win the war?" and "Will capitalism survive?"

"If the answer to either question is no," the firm observes, "What possible reason is there for assuming that wealth in one form, even cash, is safer than wealth in any other form?

"Does it not follow logically that, by basing their decisions on the assumption of victory in the war and a survival of capitalism, investors are following the course likely to lead to conservation of purchasing power? If to this realistic analysis is added even a modicum of faith and courage, a study of investments available at current markets should suggest interesting possibilities."

Commenting on this advertisement, a representative of Jackson & Curtis said: "Although we recognize that investors may have sound reasons for holding cash in preference to securities at any particular time, we believe that a policy of complete inaction is likely to prove costly. Once investors make up their minds on the two fundamental questions set forth in our advertisement, they should be ready at least to explore the possibilities available with an open mind."

Dealer Patriotism Shown

The following telegram sent Dec. 8, by Thomas Graham, manager of the investment department of the Bankers Bond Co., Kentucky Home Life Building, Louisville, Ky. to Robert H. O'Brien, Director of the Public Utilities Division of the Securities and Exchange Commission, speaks for itself:

"Regarding Kentucky Utilties Company hearing this morning at 10 o'clock suggest you introduce letters as a matter of record only and please withdraw protest. In view of the war situation it would seem best to let peace time controversies rest and have the Kentucky Utilties Co. go ahead with its previously mentioned commitment. Thank you for your courtesies in this matter."

R. Hoe & Co.
COMMON
Eagle Lock Co.
American Hair & Felt
•
HAY, FALES & CO.
Members New York Stock Exchange
71 Broadway, N.Y. BOwling Green 9-7030
Bell Teletype NY 1-61

REMEMBER . . .
UNDER *present conditions it is important that orders be accurately executed.*
WITH *the most efficient equipment, with dealer contacts in all important centres; with market knowledge of a wide range of securities, we offer dealers fast and dependable service in executing orders in*
OVER-THE-COUNTER SECURITIES
Kobbé, Gearhart & Company
INCORPORATED
Members New York Security Dealers Association
45 NASSAU STREET, NEW YORK
TELEPHONE REctor 2-3600
PHILADELPHIA TELEPHONE Enterprise 6015
Bell Teletype NEW YORK 1-576
HARTFORD TELEPHONE Enterprise 6425
BOSTON TELEPHONE Enterprise 1250

Autocar Corp.
Eastern Sugar Pfd.
Punta Alegre Sugar
Vertientes Camaguey Sugar
West Indies Sugar
Liberty Aircraft
J. F. Reilly & Co.
Members
New York Security Dealers Assn.
50 Broad St., New York, N. Y.
HAnover 2-4660
Bell System Teletype, N. Y. 1-2480

Pennsylvania-Central Airlines
C V Preferred
American Airlines, Pfd.
Browne & Sharpe Mfg. Co.
Merrimac Mfg. Co.
United Cigar-Whelan
Evans Wallower Zinc
Mexican Internal & Ext'l Bonds
M. S. WIEN & CO.
Members N. Y. Security Dealers Ass'n
25 Broad St., N.Y. HAnover 2-8780
Teletype N. Y. 1-1397

Our Reporter On "Governments"

HOLLYWOOD, FLORIDA, Dec. 6th—The Treasury's two new issues of 2½s and 2s hit the market while the nation's leading investment bankers were here attending the 30th annual convention of the Investment Bankers Association. . . . And the Treasury may be pleased to learn that it did a lot to spoil the fun of many of these bankers. . . . When they read the new regulations on subscriptions—or, since we can be frank, new regulations on "free riding" by dealers — their complaints and cries could be heard for miles around. . . . And at this writing, no one has come up with a really "good" suggestion for side-stepping the restrictions. . . . Apparently, this time the Treasury came through with some mean ones. . . .

The limitation on subscriptions may have hurt the dealers around the country—and, make no mistake about it, they have been free-riding on a monumental scale these last few years—but it didn't make the insurance companies unhappy. . . . On the contrary. . . . And there again, the Treasury's activities fit in with the prediction made in this column weeks ago. . . . The Treasury is out to distribute its obligations among insurance companies and permanent investors, such as savings banks and trust funds. . . . It is scared stiff of the temporary holders at this crucial financing time. . . . Secretary Morgenthau actually pales—or so the observers say—at the thought of what might happen to the market at a bad time if it's not in safe, sound hands. . . .

Anyway, the issues are out of the way. . . . Again, they were successful, although the issuance of another billion dollars of 2½s may not have been so happy a thought. . . . At least, the market's first response indicates it wasn't a happy thought at all. . . . But they were sold. . . . The Treasury has another $1,500,000,000 at its disposal. . . .

And now we can look forward to the refunding operations of January. . . .

One thing is certain: this is a bonanza period for traders in Governments; for any one who can subscribe to enough bonds to make the trouble worthwhile; for individuals and estates interested in investing their funds in Government obligations. . . . The growth of the bond and note lists since 1933 somehow seems a story in itself. . . .

Interest Rates

More about the financing next week. . . . At this time, the news of significance is the attitude of the close to 600 investment bankers at this convention toward the future of interest rates, toward the possibilities for a stable market in the future, toward the possibilities of elimination of tax-exemption. . . . Bankers from virtually every major securities house in the nation have been attending sessions at this conference for six days. . . . And among the subjects that have received most interest in official and private meetings has been "the future of interest rates." . . .

Surveys of opinion indicate that this is how the majority of bankers feel about the situation:

First and most important: They believe that interest rates will remain low.

They believe the Government has the power and the means at hand to do whatever it wants to about the money market.

They believe the Treasury's financing needs and its part in the defense program makes continued stability of the Government market essential.

Operating from this point, they hold that since the need is present and the power is present, the continued stability of the Government market is assured.

They believe that if nations with minor amounts of gold or virtually no gold and nations at war and in economic stress can keep interest rates at record-low levels, the United States can keep them there without much trouble.

They hold that any changes that take place on the upside (for interest rates, of course) will be minor. Any changes that take place on the downside will be the result of considerable thought on the part of the Government and these they're not worried much about anyway, because declining rates imply rising prices. . . .

That pretty much covers it. . . . On this subject, the unanimity of opinion is impressive. . . . And it might be added that these bankers deal in one-eighths and one-sixty-fourths. . . . They know the value of a penny difference in bids as well as anyone in the country. . . . Their opinions on this matter, therefore, may be given weight. . . .

Quotes On Rates

To be more specific, Dr. Arthur B. Adams, dean of the college of business administration of the University of Oklahoma, expressed the general viewpoint this way:

"If a shortage of loanable funds occurs before the war ends (Dr. Adams had previously predicted this possibility due to the terrific borrowing of the Government and the defense program boom) it is not likely that interest rates on government loans will rise very much, or that the market price of such securities will decline greatly. The fact that the government now has outstanding more than forty billions of dollars of low interest bearing obligations will retard, if not prevent, either a rise in the interest rates on these obligations or a decline in their market price."

Another outstanding banker of New York City put it this way:

"If any shortage of funds occurs before the war ends, the Government can easily change the situation so that rates cannot rise either on public or private loans. I see no possibility of an upset in the Government, corporate or municipal markets, since all go together, as long as so great a financing program lies ahead."

A third banker, from the South, put it this way:

"If the Govetrnment wanted a rise in interest rates, I can see the chances of such a condition being brought about, for the market would be left to its own devices and with such uncertainties in the world, an unsettled market would be only natural. But the Government cannot conceivably want a rise in interest rates now. And therefore, I have no worries about the matter—for two to five years anyway."

That's enough to indicate the general viewpoint in all probability. It's an impressive array of opinion. . . .

Tax Exemption

On the tax exemption question, there's a surprise in store for the worriers too. . . . For again, a survey indicated that these experts believe the Government will not succeed in any efforts to remove the tax-exemption privileges from municipal bonds in the near future. . . . "Maybe four or five years from now," said one dealer in municipals, "but at the moment, the opposition is too strong."

"We have powerful sources on our side too," said another dealer—this one, an acknowledged expert in tax-exemption—"and it is my belief that despite the repeated attempts of the Treasury and other fiscal authorities, we'll be able to hold off the movement for some time." . . .

This is frank talk—practical talk. . . . Removal of the present tax-exemption privileges or elimination of the exemption of outstanding issues still are in the "talk" stage, not in the "action" stage. . . .

Speaking before the convention, Austin J. Tobin, Secretary of the Conference of State Defense, denounced the attempt of the Government to levy a tax upon the income from state and municipal bonds as threatening the very existence of the States as independent units of government. . . .

Said Tobin: "A Federal tax on municipal bonds would in many cases and in many times make it impossible for the local governments to exercise their borrowing powers at all." . . .

One of the angles out of all this is that these statements and predictions indicate the feeling that there will be little change in the general money and bond market setup over the coming months. . . .

That's an important observation. . . .

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Robert Lovell to Harral Straat Tenney, Jr., will be considered on Dec. 11th. It is understood that Mr. Tenney will engage in business as an individual floor broker in New York.

Charles A. Lees, Jr., retired from partnership in Garvin, Bantel & Co., New York City, on Dec. 1st.

Frank G. Quinn withdrew from partnership in Vietor, Common & Co., Buffalo, as of Nov. 30th.

James B. Colgate & Co., New York City, dissolved as of Dec. 3rd.

Drummond & Sierck, New York City, was dissolved as of Nov. 29th.

Transfer of the Exchange membership of Alexander M. White, partner in White, Weld & Co., New York, which will continue as a member firm, to Charles Martin Clark, Jr., partner in Charles Clark & Co., will be considered on Dec. 18th.

Transfer of the Exchange membership of Robert R. Atterbury, deceased, to Ferris S. Hetherington, New York City, will be considered on Dec. 18th. It is understood that Mr. Hetherington will act as an individual floor broker.

Transfer of the Exchange membership of Walter A. Quinn to Henry L. Goldberg, who, it is understood, will engage in business as an individual floor broker, will be considered on Dec. 18th.

In accordance with the provisions of section 13 of Article IX of the Constitution, the Exchange has approved the application of Davenport & Co., Richmond, Va., for permission to continue its status as a member firm for a period of 45 days from Nov. 30, 1941, the date on which Saunders Hobson, the firm's sole Exchange member partner, died.

Walter T. Rice retired from partnership in Daniel F. Rice & Co., Chicago, Ill., on Nov. 29th.

Ernest B. Humpstone withdrew from partnership in Sweetser & Co., New York City, on Nov. 29th.

Howard Eric, special partner in Eric & Drevers, New York City, died on Nov. 28th.

James A. White, partner in Lamson Bros. & Co., Chicago, died Dec. 3rd.

Final Edition THURSDAY In 2 Sections – Section 2

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 154 Number 4018 New York, N. Y., Thursday, December 11, 1941 Price 60 Cents a Copy

President Roosevelt Sees Long, Hard War But Voices Confidence In Final Victory

President Roosevelt told the American people on Dec. 9 that they must prepare for a long, hard battle in order "to maintain our right to live" and warned that Germany and Italy, as well as Japan, now consider themselves at war with the United States.

In a nation-wide radio address, the President conceded that the United States has "suffered a serious setback" in Hawaii and possible loss of Guam and Wake and Midway Islands, but dismissed the Japanese claim that they have gained naval supremacy of the Pacific as "fantastic." He warned against accepting all rumors of disaster and said the Government will give out information when it is officially confirmed and when it will not be of aid to the enemy.

After citing the industrial progress made in the past year and one-half by following the policy of aiding nations resisting Hitler and Japan, the President said the Government has decided on two broad production policies: (1, Work on a seven-day week basis in every war industry, and (2) building of new plants, expanding existing ones and using smaller plants for war needs.

The President went on to say that on the road ahead lies hard, gruelling work but stated it was not a sacrifice but rather a privilege to be able to help "when the nation is fighting for its existence and its future life." He did not see any shortage of food at present but called for curtailment in civilian uses of metals.

Declaring that the United States can accept no result save final, complete victory, the President asserted that the "shame of Japanese treachery" must be wiped out and the "sources of international brutality" must be broken. He also called for the abandonment "once and for all" of the policy of isolationism, explaining that "there is no such thing for any nation or individual in a world ruled by the principles of gangsterism."

(Continued on page 1462)

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FROM WASHINGTON AHEAD OF THE NEWS

When the historians, speaking through the new devices that will have undoubtedly been wrought, begin to search through the debris of Dec. 7 and 8 of 1941, they will come upon the fact that unity in Washington lasted just about six hours. It was not a question of disunity in the matter of Japan. On the question of destroying her utterly, there was no voice of dissent. The disunity occurred over the inefficiency in high circles which brought about the greatest naval disaster in all of America's history.

The temper of Congress, amazingly stirred from its inertia of many months, was that heads would soon roll. And the first head, apparently, was to be that of the Rotarian, Secretary of the Navy Frank Knox.

It was around 2:30 or 3 o'clock when official and semi-official Washington heard of the disaster. Many were at the football game. Many others were preparing to go to cocktail parties. By seven o'clock at night, Washington semi-official and official gatherings were seething with indignation over Knox. Around 9 o'clock, Senator Tom Connally of Texas, Chairman of the Senate Foreign Relations Committee, fiery but not a heavyweight, yet still typical of the people, was heatedly telling Knox at the conference of military and Congressional leaders with the President that the American people wanted to know why the debacle of the Pacific and they wanted to know it "damned quick."

The following day, a New Dealer, Congressman Dingell of Michigan, made known that he planned to seek an inquiry with a view to some courtmartialing of Navy heads. It was ironic that as this was happening, newspapers advertised another magazine article of the Navy Secretary's—in American Mgazine, entitled, according to the ad, "You have asked for it, Mr. Hitler."

The attitude of Washington was that America was tired of bombastic statements and bombastic magazine articles. Now it was in trouble, it expected to go through with it, but it demanded efficiency.

The pretentious SPAB, policy-making defense production agency, had to get its voice into the confusion of Monday. It announced that a spending program of $150 billion would be necessary to defeat the forces confronting this country. Economists and other men in the Government anxious to have their voices heard, had been preaching this for some time. Like the young professor who at the outset of the intellectual control of America, tried to impress his young girl students by making audacious remarks, these fellows, including Donald Nelson, have been saying this for some time.

But Connally, in his heated set-to with Knox, pointed out that America had appropriated unstinted billions for defense. Therefore, he wanted to know why what happened at Hawaii could have occurred. Knox has been running up and down the country for several months, bombastic and insisting that we were prepared to knock hell out of Hitler—and the Japs—at one thrust.

These things are interesting because the American people are now up against something far more realistic than the practice of their leaders in issuing bombastic statements. They are in something which they unquestionably intend to see through. So no tendency to censorship should deny them the facts. For almost two years Cordell Hull and Sumner Welles, at odds many times before but admirably together through the crisis, have been trying to keep out of a war on two fronts. They had the world facts, they knew what they were dealing with. But Knox and Harold Ickes, whose no real business it was and who had plenty to do to deal with the matters under his jurisdiction, have insisted upon aggressive action against Japan. Their attitude was that Japan could be bowled over with pretty much of a turn of the wrist on the part of this country. They have annoyed and harassed the State Department no end.

Then it happens, and we, to say the least, do not bowl Japan over with the turn of a wrist. The question arises as to the rank incompetency in the Pacific fleet which seems apparent. Well—and we may as well know the facts—Mr. Roosevelt made a complete shake-up in the navy command in either late 1939 or early 1940. He put in Admiral Starke as chief of operations and Admiral Kimmel as head of the fleet, in charge par-

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THE FINANCIAL SITUATION

The long feared and long dreaded has come to pass. The United States has been widely, vigorously, and treacherously attacked, and is now formally as well as very really at war with a powerful and determined nation. We are in fact, if not technically, at war with another even more powerful and equally determined nation. It is now plainly not only our duty but our necessity to look forward, not backward. We shall have to study with care certain recent events, as for example what now appears to have been gross negligence or almost incredible incompetency at Pearl Harbor, in order that the future may be protected against a recurrence of such an episode. At other points, too, the past, though not all that we could wish, may point the way for the future—that is, for the future immediately ahead when the one task is winning the war.

But only in such a sense and in such circumstances is there any good reason or can there be any excuse for harping now on matters that have divided us for years past. Even the President's unfortunate inclusion in his otherwise admirable radio address on Tuesday evening of a reiteration of his interventionist philosophy can and must for the time being at all events be disregarded in our determined and undivided application to the task at hand—a successful conclusion of the war.

Let no one suppose that this task will be an easy one. In light of the events of the past few days, there should be no one left so bereft of realism as to suppose any such thing, but it is well to utter the warning nonetheless. The cocksureness of some patriots who now must defend their country in the first line of action is no longer in evidence, and it is well that it has disappeared, but we must make certain that any false impressions left in the minds of unthinking or of the emotionally surcharged do not linger. Only if we as a people fully appreciate the magnitude of the task ahead and the sacrifice and unruffled courage required to

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Now To Work!

Yesterday, Dec. 7, 1941—a date which will live in infamy—the United States of America was suddenly and deliberately attacked by naval and air forces of the Empire of Japan.

The attack yesterday on the Hawaiian Islands has caused severe damage to American naval and military forces. I regret to tell you that very many American lives have been lost. In addition, American ships have been reported topedoed on the high seas between San Francisco and Honolulu.

Yesterday the Japanese Government also launched an attack against Malaya.

Last night Japanese forces attacked Hong Kong.

Last night Japanese forces attacked Guam.

Last night Japanese forces attacked the Philippine Islands.

Last night the Japanese attacked Wake Island.

And this morning the Japanese attacked Midway Island.

Japan has therefore undertaken a surprise offensive extending throughout the Pacific area. The facts of yesterday and today speak for themselves.—The President to Congress on December 8, 1941.

Such facts do indeed speak for themselves, and their message is a demand for effective action—not invective phrases.

From this time forward, the professional speech makers—and the day dreamers—long prominent in the Washington scene must have no place in the picture.

What we need now is men of effective action who can match deed with still more effective deed.

Anything or any man who stands in the way is the real enemy of the country now.

That, we believe, the country at length understands.

Let the politicians and the labor leaders take notice.

One Reader Says...

"The Financial Chronicle has been so useful that we have had the copies bound and kept for reference."

Running through our correspondence, we find a subscriber whose file of bound copies dates back to 1887—another to 1906—and still another to 1880. Can there be any doubt in your mind about the value of binding your copies of the Financial Chronicle, of having at your finger tips a complete record of all important financial developments? The new Financial Chronicle was designed for binding. With the larger page size, bound volumes will be thinner, will open flat and will be easier to handle.

This is merely a suggestion—passed along to you because we want you to get full value from your subscription to the Financial Chronicle.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Dec. 5 a summary for the week ended Nov. 29, 1941, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

Week Ended Nov. 29, 1941	Total for Week
Odd-lot Sales by Dealers: (Customers' Purchases)	
Number of orders	20,595
Number of shares	558,495
Dollar value	20,552,212
Odd-lot Purchases by Dealers— (Customers' Sales)	
Number of Orders:	
Customers' short sales	323
Customers' other sales *a*	23,224
Customers' total sales	23,547
Number of Shares:	
Customers' short sales	6,032
Customers' other sales *a*	647,605
Customers' total sales	653,637
Dollar value	17,856,547
Round-lot Sales by Dealers—	
Number of Shares:	
Short sales	120
Other sales *b*	214,510
Total sales	214,630
Round-lot Purchases by Dealers—	
Number of shares	135,560

a Sales marked "short exempt" are reported with "other sales". *b* Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Lumber Movement Week Ended Nov. 29

Lumber production during the holiday week ended Nov. 29, 1941, was 10% greater than the previous week, also a holiday in some States; shipments were 13% greater; new business 7% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 0.5% above production; new orders 8% below production. Compared with the corresponding week of 1940 production was 1% less, shipments 11% less, and new business 17% less. The industry stood at 132% of the average of production in the corresponding week of 1935-39 and 129% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the 48 weeks of 1941 to date was 12% above corresponding weeks of 1940; shipments were 11% above the shipments, and new orders 6% above the orders of the 1940 period. For the 48 weeks of 1941 to date, new business was 4% above production, and shipments were 5% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 31% on Nov. 29, 1941, compared with 32% a year ago. Unfilled orders were 15% less than a year ago; gross stocks were 10% less.

Softwoods and Hardwoods

Record for the current week ended Nov. 29, 1941, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1941 Week	1940 Week	1941 Previous Wk. (rev.)
Mills	443	443	474
Production	233,635	234,854	212,726
Shipments	234,726	264,013	207,731
Orders	214,885	257,501	199,982

	Softwoods 1941 Week		Hardwoods 1941 Week	
Mills	364		92	
Production	233,368	—100%	10,267	—100%
Shipments	222,300	99.5	12,426	121
Orders	205,392	92	9,493	92

Editorial—

Latin-American Trade Relations

Something of a test case for private enterprise versus government action appears to have developed in connection with the trade and financial relations between the United States and the Latin-American countries. A public discussion of this problem has projected into the limelight some of the difficulties faced by our own importers and exporters. If the assertions of Washington spokesmen are sincere, there should be no question about retention of this vitally important business activity in the private sphere.

The happy circumstance exists in this connection that everyone concerned is extraordinarily anxious to foster and improve the business being done internationally in the Western Hemisphere. All requirements and interests point in the same direction, which makes it possible to narrow the issue down to suitable and adequate methods for expansion.

To those familiar with this matter it is glaringly obvious that simple ability to supply Latin-America with manufactured wares depends upon defense requirements, priorities and allocations within the United States. From the defense effort flows a vast series of difficulties and delays, not only in manufacture of goods ordered, but also in delivery.

Still another set of problems faces the American manufacturer in his arrangements for payment, and it is on this aspect that attention lately has centered. The payment troubles stem in part from manufacturing uncertainties, and at least in equal measure from Treasury and other regulations in Washington which often appear to exporters as little more than capricious.

Over the web of trade and financial relationships hangs continually, in these days, the threat of intervention by the Export-Import Bank of Washington, which operates on United States Treasury funds without regard to profit. Warren Lee Pierson, President of that official bank, declared at a bankers' forum here in New York, some days ago, that bankers and manufacturers in the United States are displaying reluctance toward ordinary peace-time relationships with Latin-America. He intimated that this alleged attitude is not as smart as it might be, and disclosed that the official bank is increasing its collaboration with Latin-American institutions.

The comments by Mr. Pierson bore an unfortunate resemblance to what is often described as the Administration practice of first making it impossible for private enterprise to function and then moving in with government control on the charge that it does not function. He warned that the foreign trade of all countries increasingly is becoming the concern of governments, but also insisted that every effort is being made by his office to keep transactions within the sphere of private enterprise. Private banking institutions were urged by Mr. Pierson to come along and act as partners in the expansion of inter-American trade and finance.

The record indicates that Mr. Pierson is hardly to be charged with a genuine desire to supplant private enterprise and initiative with government funds and controls. It would also seem to be clear, however, that he has little realization of the thorny path trod by American manufacturers, exporters and bankers in the field of Latin-American trade. The suggestion seems appropriate, therefore, that the earnest and hard-working President of the Export-Import Bank examine some of the obstacles to trade needlessly set up by official agencies, other than his own.

Perhaps Mr. Pierson could do little, for the time being, toward a reasonable supply to American manufacturers of materials needed to fill orders. If priorities on Latin-American orders were not almost completely neglected, however, such orders might be filled more nearly on time, and one great cause of friction removed. The Treasury foreign property controls might well be administered in a manner that would obviate breaches of contract under irrevocable letters of credit. The State Department might decide who in Latin-America really is and who is not on the blacklists, which change often and in a manner that can only be regarded as discomfiting.

Soon after Mr. Pierson issued his challenge, the Foreign Credit Interchange Bureau made it quite clear that there has not been any such tightening of credit terms to Latin-American purchasers as the Washington spokesman alleged. On the basis of experience with hundreds and thousands of cases and items, this group of the National Association of Credit Men differed sharply with Mr. Pierson, and indicated that the question of credit terms is a minor one, as against the problem of obtaining goods for export.

In further refutation of Mr.. Pierson the fact should be noted that trade between the United States and Latin-America actually is increasing sharply. The gain in U. S. imports is tremendous, for reasons that are obvious. Our exports to Latin-America also are advancing decidedly, and plainly would grow faster if Washington could be persuaded to interfere less with the filling of orders. No genuine case can be made out here for government control on charges of private dereliction.

An illuminating commentary on this general problem of Latin-American trade relations is supplied by a special Congressional Committee, which issued a report last week, after returning from a survey of relative American and British practices. The five-man committee requested the State Department to study British trade competition in the light of representations that "the British were soliciting orders for the delivery of commodities and manufactured goods that our country, because of priorities requirements, was not in a position to deliver."

Editorial—

Unsettling Settlements

Very much more has been unsettled than was settled by the time-serving improvisations which, within the last few weeks, have been adopted as desperate last-minute expedients to obviate further immediate demoralization in coal-mining and in railroad transportation. In the case both of the captive coal mines, which produce fuel as the directly controlled agencies of important steel-producers, and of interstate carriers by railroad, the revenues of which for more than fifty years have by dull and merciless Federal regulation, been held below the level of fair and reasonable returns upon the capital employed, the rather awkward and cumbersome processes of governmental intervention resulted in awards at the hands of official bodies that were at the least impartial in the sense that all their sympathies and preconceptions were inimical to the employers. In both cases there was no genuine discontent with wages or conditions of employment on the part of actual workers, nor among them was there discoverable any reluctance to accept the applicable official determination and to continue without interruption in the regular fulfillment of the obligations of the employment. Actual workers in the coal mines and upon the railroads knew of no grievances or demands that had not been met sufficiently for their satisfaction, they were not insensible to the obligations laid upon the industries in which they are employed by the public policies that now dominate, with extreme urgency, nor unpatriotically disposed to defeat those policies by withdrawing the essential support of their continued and diligent labors.

In the one case, the National Defense Mediation Board, which was the highest and ultimate Federal agency created for the purpose of preventing interruptions in coal-mining, steel production, and other industries, except railroad and highway transportation, essential to national defense, had made a determination acceptable to substantially all the operatives working in the mines and of which the controlling corporations had declared their acceptance. In the other case, the elaborate processes of a somewhat complicated statutory scheme for the adjustment of controversies over wages or conditions of employment had been precisely followed; there had been negotiations, proposals and counter-proposals, official offers of mediation, technical overtures and technical rejections, the President of the United States had eventually named the Emergency Fact-Finding Board provided for in the Railway Labor Act, lengthy and elaborate testimony had been taken by that Board and it had heard able arguments from the chosen advocates of the different parties. The Emergency Board, appointed on September 10, 1941, and consisting of five men of excellent standing and character, made its unanimous report and award on Nov. 5, recommending general advances in wages-rates which, according to its own estimates, would have increased the annual operating expenses of Class I railroads by from $267,000,000 to $272,000,000. Like the proprietors of the coal mines, the responsible officers of the railroads agreed of necessity to accept the additional burden of these higher wages.

Had there been similar acquiescence on the part of the leaders of the organizations representing the well-satisfied workers in both these essentially important industries, heavy additional burdens would have been laid upon the industries and the consumers and taxpayers of the United States, but at least the authoritatively created machinery for avoiding the enormous costs and the incalculable losses from interruptions of vital activities of transportation and production would have been preserved, with their prestige and efficacy perhaps enhanced by new records of successful achievement during a period of extreme public exigency. But it was not to be. Chief officers of organizations of employees, of whom John L. Lewis, President of the United Mine Workers of America, Alexander F. Whitney, President of the Brotherhood of Railroad Trainmen, and Bert M. Jewell, President of the Railway Employees' Department of the American Federation of Labor, are typical, must, if they are to remain in such leadership, give thought and effect to many considerations other than the immediate contentment and the mere welfare of the workers by whose complacency they are perpetuated in power. Their high salaries, their liberal expense accounts, their extraordinary immunities from supervision and pecuniary or other accountabilities, their so largely unchecked powers, have all combined to create and to sustain ambitions and rivalries, both within and without their organizations, which can be kept down only by uninterrupted vigilance and subtle and incessant activities. Nor would it accord with the self-interests of men enjoying highly advantageous employment and much-prized and irresponsible authority in organizations that are in every real sense powerful and controlling, although not legally recognized, governments within the lawful Government, and capable of action contrary to the interests and the purposes of the latter, to allow the official Government finally to settle many matters to the satisfaction of their own narrower constituencies. If the real workers should learn to look to a superior and ultimate Government for desired benefits and advantages, they would naturally and easily come to the conclusion that labor leaders with large staffs and expenses, as well as salaries, are quite superfluous luxuries not longer to be tolerated or supported.

Hence the recent official recommendations, those of the National Defense Mediation Board in the case of the captive coal mines, and those of the Emergency Fact-Finding Board in the case of the railroads, which the employers felt patriotically constrained to accept in spite of their huge cost, and which the employees were ready to accept with substantial rejoicings and unanimity, had to be, or were, repudiated by the officers whom the same employees were supporting as their representatives and their effectual leaders in many things beyond their inevitably limited contemplation. This repudiation suggests that the unreconciled heads of the affected organizations of labor had led themselves into an impasse from which their extrication without damage and humiliation would be a feat quite beyond their own by no means extraordinary powers. But they were extricated, although not at all in virtue of their own subtlety or skill. Perhaps something may be accredited to their perception of weakness where there should have been strength, and to their resultant audacity, but the event is principally attributable to a President who appears always ready to contest to the bitter end with any distant or invisible opponent but has invariably dealt timidly and impotently with organized labor. The statutes of the United States and the administrative agencies provided by those statutes having fully operated, having produced awards accepted by the employers and not objectionable to any actual employees, nothing being necessary to support the finality of the lawful processes and probably their complete efficacy as to the immediate controversies, except determination and good will, the Executive Department coldly denied its effective support and promoted settlements that must hereafter tend to the rejection of every similar official award and that have already destroyed public confidence in the means and measures upon which the public must, at least until there is further legislation, continue to rely as its sole protector against the sabotage and slackening of its defensive efforts. And unless the President, with Secretaries Hull, Stimson, and Knox, and all the other members of the Administration, persistently and grossly overstate the public necessities of efficiency and expedition in those efforts, such damage and retardation must be essentially equivalent to irremediable delays if not to defeat.

The railroad determination raises the liberal award of the Emergency Board, not by a decision of the original Board that the additional payments are reasonable and just, but by what is euphemistically called "mediation", by some $60,000,000, to from $325,000,000 to $330,000,000, annually. The Board was reconvened, upon a rather far-fetched representation of newly discovered evidence, but it was not stultified to the extent of being compelled to alter its original award in arbitration. On the contrary, it induced the parties to allow it to function as a mediating agency which, by definition, is immediately concerned with an adjustment of conflicting contentions, by inducing one or both parties to mitigate their demands until there can be an ultimate agreement upon a settlement, rather than upon determining and announcing the terms of settlement that accord with propriety or justice. As mediator, using terms and measures of persuasion or insistence of which the public has not been advised, the Emergency Board, almost at the last minute, induced a settlement that gives to the employees much larger increases than the railroads can meet out of revenues collectible under the present schedules of rates of fare and freight and that threatens the solvency of some among those which the severities and crudities of excessive public regulation have not already forced into stubborn insolvency.

Hence there has occurred not even a provisional settlement of the problems of railroad labor and its remuneration. Twenty-five years ago, in 1916, when President Wilson was considering the deathless problems of railroad transportation under public regulation which regulates operating revenues down, that is the fares collected from passengers and the charges for the movement of commodities, and at the same time unceasingly regulates up the taxes paid to local, State and National governments and the wages paid to all labor, he repelled a suggestion that the Interstate Commerce Commission should regulate both sides of the income account, by saying, in substance, that such would not do, because the Commission was created to reduce the rates. It has unquestionably operated in that way for more than fifty years. As Senator Henry Cabot Lodge, the elder, said, "the railroads, once the opponents of public regulation, have become its victims." Yet there must be, there will have to be, some way of establishing a practical and continuing equivalence between the cost of supplying railroad services, including wages, taxes, and returns to capital sufficient to maintain an efficient railroad system commensurate with all legitimate demands for that form of transportation. Capital cannot continuously be confiscated to meet operating deficits, nor can the taxpaying public be looked to for support when private capital has been permanently repelled or supplanted.

Nor is it alone capital that is being robbed and supplanted. The injury extends to the employees and to the public in ways easily, although only partially, traceable. There is no manifestation of what is called technological unemployment that is on nearly so large a scale or so directly and readily to be followed in reliable statistics as in the case of the interstate railroads of the United States. There is room for pride in the achievements of American railroad executives, who under the urgent compulsion of dire necessity have found means for making capital and tools replace man-power, but it may not be wholly fortunate for the country that, within such a relatively brief period and under such artificial stimulation, so many capable men, with their families, have been deprived of opportunities to earn the means of their subsistence from this wide-flung industry. Roughly, the reduction in the number of employees since the war of 1914-1918 amounts to approximately one half of the number formerly utilized in maintenance and operation. The following comparisons, although inconclusive in themselves, are significant and suggestive. With 254,037 miles of railroad line on Dec. 31, 1916, the railroads in that calendar year had $3,744,927,555 in gross receipts from operations and a net income from operations of $1,281,948,091. Twenty-five years later, full official data for no later year being as yet available, at the close of the year 1939, the mileage was 235,064 and, during that year, the corresponding gross receipts were $3,995,004,251 with a net from operations of $1,076,794,543. The Interstate Commerce Commission reported the number of employees for 1916 as 1,647,097 and their aggregate compensation as $1,468,576,394; while, for 1939, the corresponding figures were 987,943 for the number of employees and $1,863,502,823 for compensation. Probably, the following detailed figures are equally applicable to other classes of employees than those included in the table.

	Number			Compensation		
Operating Employees—			Decr.			Incr.
Passenger trains	1916	1939	%	1916	1939	%
Conductors	10,633	6,893	35.2	$19,956,674	$22,592,913	13.2
Engineers and motormen	13,429	8,678	35.4	28,529,665	31,519,135	10.5
Firemen and helpers	13,131	7,933	39.6	17,034,213	21,673,868	27.2
Brakemen and flagmen	14,800	9,094	38.6	15,262,872	20,770,368	36,1
Baggagemen	5,618	3,853	31.4	6,167,707	9,619,698	56.0
Freight trains						
Conductors	25,430	15,065	40.7	41,125,243	46,341,281	12.7
Engineers and motormen	31,675	19,186	39.4	58,656,271	65,745,681	12.1
Firemen and helpers	33,637	21,899	34.9	37,868,522	52,260,741	38.0
Brakemen and flagmen	63,285	38,143	39.7	66,602,840	81,453,841	22.3
Total	211,638	130,764	38.2	$291,204,007	$351,977,526	20.9

Comment upon the foregoing would be quite superfluous at this point. The table shows conclusively why, with a very largely increased investment in property used and useful in the public service of indispensable transportation, with vastly improved and more efficient plant and equipment, and with some increase in gross receipts, the income from operations, even before deductions for taxes, which have also been most disastrously augmented, the net income available for taxes, interest, other fixed charges, and dividends, if any, has so grievously diminished. Obviously, the so-called settlement that has been effected leaves a great deal to be desired and very much that must immediately be attempted.

Felicitations To Cathedral

President Roosevelt, in a message made public Nov. 29, said that the completion of the whole interior of the Cathedral of St. John the Divine in New York City "will bear witness to all the world that in this country we still place our faith in the eternal truths of religion." The opening service of the completed cathedral was held on Nov. 30. The President's message, sent to the Right Rev. William T. Manning, Protestant Episcopal Bishop of New York, follows:

> It is a fortunate circumstance that the great Cathedral of St. John the Divine has reached completion at this time of world crisis. This happy consummation is a witness to all the world that American faith in the eternal verities of religion remains unshaken.
>
> The opening of the whole interior of this noble fabric will bear witness to all the world that in this country we still place our faith in the eternal truths of religion. I regret exceedingly that circumstances beyond my control prevent my acceptance of your invitation, but in these days of such grave anxiety I find it very difficult to make advance commitments with any assurance of fulfillment. Since the pressure in the weeks ahead promises to increase rather than to diminish, I seem to have no recourse except to reserve an ever greater amount of my time for official duties.
>
> I am sure the occasion will be a milestone in our religious life and will be a source of inspiration to all who are privileged to participate.

Rations Steel Plate

Steel plates were made subject to complete allocation on Dec. 1 in an order issued by Donald M. Nelson, Priorities Director of the Office of Production Management. "General allocation order No. 1" is the first step taken by the OPM in compliance with the request of the Supply, Priorities and Allocations Board, made Nov. 1, that a direct allocation system for all steels be worked out. Mr. Nelson reported that on Nov. 1 defense and essential civilian orders, all with priority preference ratings, were in excess of production capacity for shipment during the month. According to OPM figures, capacity of the industry is approximately 600,000 tons a month.

About 50% of existing capacity is required to fill orders of the Army, Navy and Maritime Commission, while the rest is required principally by railroads for car construction, and by the petroleum industry for pipe and tanks.

Latin American Foreign Trade Report

The United States Tariff Commission issued on Dec. 3 the final three sections of its report, "The Foreign Trade of Latin America." These sections, which deal with the commercial policies and trade relations of El Salvador, Honduras, and Nicaragua, complete the Commission's report on Latin American trade. The reports are part of a series which has been issued for all countries of Latin America, covering a brief description of the physical characteristics, population, natural resources, and industries of the particular country; its commercial policy, the trend, composition, and destination of its exports, and its imports. Each section also contains an analysis of the country's trade with the United States.

A limited supply of these reports are available at the office of the United States Tariff Commission, Washington, D. C., and at the Commission's office in the Custom House, New York, N. Y.

THE FINANCIAL SITUATION

(Continued from First Page)

perform it, shall we be able to carry through worthily and fully to a successful conclusion.

We have made a poor start, and without doubt much more that is disconcerting will appear in the headlines before this business is done, but a courageous people fully conscious of what is before them do not permit incidents to weigh unduly upon them, or to cripple their efforts. On the contrary, they take what fate brings—and place their shoulders more firmly to the wheel. That is what the American people now at long length appear to be doing, and that fact augurs no good for their enemies.

Only those who have been led to believe that which is not true, which indeed could not have been true, and those who permit themselves to be too greatly swayed by passing phases or are unfamiliar with the true inwardness of the situation, will permit the outlook to diconcert them too greatly. To be sure, blood and sweat and tears await us. Certainly any war goes against the grain of the American people. Of course, no one in his right mind can look with glowing anticipation to the days to come. All that is to be taken for granted. No one with understanding can, however, view with anything approaching despair the future in this war if it is clear that the nation is really girding itself in earnest for the conflict. Faults in leadership there have been and doubtless will be, but they can and must be corrected. The officers of our army and navy are largely without experience in actual warfare, certainly in modern warfare. The Commander-in-Chief will doubtless find it necessary to learn in part from trial and error in whose hands our military destinies may be best placed, but that, too, can and must be learned without excessive costs.

This war will, of course, be won in large part in our factories, and here it is indeed heartening to observe that after much unnecessary delay armament appears to be beginning to roll off our assembly lines in real quantity. Never mind the fact that this should have occurred many months ago. The essential truth is that it is now apparently taking place, and that the attack upon this nation seems to be in the process of bringing to an abrupt end the condition—senseless, inexcusable and horribly wasteful labor conflict—which in recent months certainly has been responsible for most of the delay. We doubt if the temper of the American people will permit a return of this plague during the continuance of the existing critical situation.

All that is now necessary for something approaching a production miracle in this country, we believe, is for the President to divest himself of some of his unconscionable burden by placing all that has to do with armament production in the hands of men of proved capacity in industry—and see that neither politicians nor day-dreamers get near them. It would be inexcusable—and, we believe, so recognized by the American people—if he failed to take such action without delay.

If these things are done, the American people may well rest assured that though the way be long and hard there can be but one ultimate outcome—and that is the vital thing.

The State Of Trade

Business activity up to last Saturday was reported as holding at high levels, with production of electricity showing an increase of 2.7% over the previous week and 12.3% over the same period last year. Carloadings increased 66,803 cars, or 8.4% over the previous week. Steel production in the United States is scheduled this week at 97.5% of capacity compared with 97.6% last week, the dip probably reflecting difficulties of steel scrap, the American Iron and Steel Institute reports. A month ago the rate was 96.6% and a year ago operations were on a 96% basis. Engineering construction awards for the four weeks of November total $348,800,000, "Engineering News-Record" reports. This is an average of $87,200,000 per week and is 7% higher than the average for the five weeks of October.

Now that this country is an active belligerent in the new World War, sweeping economic and financial changes must be expected. It is pointed out, however, that the economy of the nation has been shifting from a peace-time to a war-time basis at an accelerating pace over the past year and a half. Because of this, the further steps now necessary to adjust the nation to a state of war will be so much less drastic in character.

Since time is now the essential factor, a large-scale conversion of peace-time industries to war production is inevitable. The faltering progress made toward subcontracting defense orders will now be speeded.

It is believed that the plight of the small manufacturer who can no longer obtain materials to maintain normal production will cause less concern.

Of this country's 185,000 factories about one out of every 15 is now engaged in war production, such war plants totaling some 12,000 units. It has been estimated that under the projected $150,000,000,000 Victory program some 80,000 factories or nearly 40% of the country's total would have to be converted to defense.

Because of the prospective large-scale conversion of peace-time factories, the expansion of defense production is not likely to result in a corresponding expansion in industrial activity.

All this is bound to have its effect on the labor situation. Congress and the country will be in no mood to temporize further with strikes in war industries. Recent statements of labor leaders supporting the Government to the limit would seem to indicate that the seriousness of the country's position is causing a decided change of attitude on the part of certain labor leaders. Undoubtedly the labor leaders themselves will now exert considerable pressure on subordinates to prevent disruption of war production.

The war with Japan may have a temporary depressing effect on retail sales, some retail executives believe. It is not, however, expected to have a notable effect on total holiday trade.

The uncertainty that usually attends a great crisis is likely to have an adverse psychological effect on consumers. Concern over higher taxes and general insecurity may tend to restrain buying.

Offsetting factors, such as increasing talk of shortages due to war restrictions will encourage buying. It is pointed out that consumer purchasing power is higher than any time in history and will undoubtedly go higher. When the first shock of the war news passes, retail trade is expected to proceed along lines that were anticipated earlier.

It is believed that the entry of this country into the war will result in an increase in the number and effectiveness of economic controls to check inflation. Efforts to enact legislation establishing strict Government control over commodity prices, for example, have hitherto encountered stiff opposition. With the nation at war, such resistance it is believed will surely weaken.

Political pressure from special groups has handicapped and jeopardized the Administration's efforts to check inflation. With the war a reality these groups will be compelled to modify their stand or bring down upon themselves popular hostility and drastic legislative curbs, such as those voted by the House to end the epidemic of strikes in defense idustries.

Prospects of far more drastic price controls and priority regulations due to the involvement of the nation in actual warfare tend to discourage buying of stocks. Greatly increased taxes next year are bound to have a similar effect. It is pointed out that new restrictions are certain for civilian industries, particularly those which consume commodities of war imported from the Far East.

United States Declares War On Japan Following Wide Attacks In the Pacific

The United States formally declared war on Japan on Dec. 8. This action was taken within 24 hours after the Japanese had, without warning, launched sea and air attacks on Hawaii and other United States islands in the Pacific, torpedoed American ships on the high seas and issued a declaration of war against the United States and Great Britain.

Congress, with only on dissenting vote, adopted the war resolution in the record time of 33 minutes, directly after President Roosevelt addressed a joint session of the two houses asking for the declaration. The President signed the resolution at 4:10 p.m. the same afternoon. The vote in the Senate was unanimous 82 to 0 while in the House the war vote was 388 to 1. The lone vote against the resolution was that of Representative Jeanette Rankin, Republican of Montana, who also opposed the declaration of war against Germany in 1917.

The text of the war measure, known as Senate Joint Resolution 116, was as follows:

> Declaring that a state of war exists between the Imperial Government of Japan and the Government and the People of the United States, and making provisions to prosecute this same.
>
> Whereas the Imperial Government of Japan has committed unprovoked acts of war against the Government and the People of the United States of America; therefore be it
>
> Resolved by the Senate and House of Representatives of the United States of America, in Congress assembled, that the state of war between the United States and the Imperial Government of Japan which has thus been thrust upon the United States is hereby formally declared; and the President is hereby authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial Government of Japan, and, to bring the conflict to a successful termination, all of the resources of the country are hereby pledged by the Congress of the United States.

In his speech to the Congress, delivered at 12:30 p.m. and lasting only about 6½ minutes, President Roosevelt declared that on Dec. 7—"a date which will live in infamy—the United States of America was suddenly and deliberately attacked by naval and air forces of the Empire of Japan." Pointing out that the attacks on America's Pacific possessions were staged while Japanese representatives were still in conversation with United States officials in Washington looking toward the maintenance of peace, the President charged that the Japanese Government "has deliberately sought to deceive the United States by false statements and expressions of hope for continued peace." He disclosed that the Japanese attacks in the Hawaiian Islands had "caused severe damage to American naval and military forces" and that "very many American lives have been lost." (The White House announced officially earlier the same day that the United States had lost one old battleship and damage had been done to several other ships and that probably 1,500 persons were killed and a like number wounded.)

Saying that Americans "always will remember the character of the onslaught against us," Mr. Roosevelt asserted that "no matter how long it may take us to overcome this premeditated invasion the American people in their righteous might will win through to absolute victory." He added that "we will not only defend ourselves to the uttermost but will make certain that this form of treachery shall never endanger us again."

The President concluded his remarks by stating:

> With confidence in our armed forces—with the unbounding determination of our people—we will gain the inevitable triumph—so help us God.
>
> I ask that the Congress declare that since the unprovoked and dastardly attack by Japan on Sunday, Dec. 7, a state of war has existed between the United States and the Japanese Empire.

The text of the President's war message to Congress follows:

> Mr. Vice-President, Mr. Speaker, members of the Senate and of the House of Representatives:
>
> Yesterday, Dec. 7, 1941 — a date which will live in infamy—the United States of America was suddenly and deliberately attacked by naval and air forces of the Empire of Japan.
>
> The United States was at peace with that nation and, at the solicitation of Japan, was still in conversation with its Government and its Emperor looking toward the maintenance of peace in the Pacific.
>
> Indeed, one hour after Japanese air squadrons had commenced bombing in the American island of Oahu, the Japanese Ambassador to the United States and his colleague delivered to our Secretary of State a formal reply to a recent American message. While this reply stated that it seemed useless to continue the existing diplomatic negotiations, it contained no threat or hint of war or armed attack.
>
> It will be recorded that the distance of Hawaii from Japan makes it obvious that the attack was deliberately planned many days or even weeks ago. During the intervening time the Japanese Government has deliberately sought to deceive the United States by false statements and expressions of hope for continued peace.
>
> The attack yesterday on the Hawaiian Islands has caused severe damage to American naval and military forces. I regret to tell you that many American lives have been lost. In addition, American ships have been reported torpedoed on the high seas between San Francisco and Honolulu.
>
> Yesterday the Japanese Government also launched an attack against Malaya.
>
> Last night Japanese forces attacked Hongkong.
>
> Last night Japanese forces attacked Guam.
>
> Last night Japanese forces attacked the Philippine Islands.
>
> Last night the Japanese attacked Wake Island.
>
> And this morning the Japanese attacked Midway Island.
>
> Japan has, therefore, undertaken a surprise offensive extending throughout the Pacific area. The facts of yesteday and today speak for themselves. The people of the United States have already formed their opinions and well understand the implications to the very life and safety of our nation.
>
> As Commander in Chief of the Army and Navy I have directed that all measures be taken for our defense.
>
> Always will our whole nation remember the character of the onslaught against us.
>
> No matter how long it may take us to overcome this premeditated invasion, the American people in their righteous might will win through to absolute victory.
>
> I believe I interpret the will of the Congress and of the people when I assert that we will not only defend ourselves to the uttermost but will make it very certain that this form of treachery shall never again endanger us.
>
> Hostilities exist. There is no blinking at the fact that our people, our territory and our interests are in grave danger.
>
> With confidence in our armed forces—with the unbounding determination of our people—we will gain the inevitable triumph—so help us God.
>
> I ask that the Congress declare that since the unprovoked and dastardly attack by Japan on Sunday, Dec. 7, 1941, a state of war has existed between the United States and the Japanese Empire.

Great Britain also declared war against Japan on Dec. 8, a few hours before the official action of the United States. A statement issued by the exiled Netherlands Government in London on Dec. 7 said that it considered a state of war to exist between the Netherlands and Japan. Canada and Costa Rica took similar action the same day and several of the other Western Hemisphere republics declared war on or severed relations with Japan on Dec. 8.

On The Foreign Front

European Stock Markets

Marked uncertainty developed this week on leading European financial markets, owing to the rapid spread of the World War and the initial reverses suffered by the Democratic nations. The trend was steady to firm in the latter half of last week, but a definite downward movement finally made its appearance when two great British warships were reported sunk in Malayan waters. Even this event, however, failed to upset the London market to the degree that New York was unsettled.

London reports indicated quiet buying of gilt-edged and industrial stocks up to the end of last week. When the market reopened Monday, it was faced by the treacherous Japanese attack on both American and British possessions in the Pacific, and by the war declarations which instantly followed. The appearance of a new active enemy somewhat overshadowed the formal participation by the United States in the conflict, and prices slowly drifted lower on the London Stock Exchange. The downward tendency was accelerated yesterday, on news that the Prince of Wales and the Repulse had gone down under Japanese aerial attacks. Spreads between bid and asked prices widened and caution prevailed in all sections.

Tendencies on the great Netherlands market were persistently weak, obviously because the real interests of Holland are tied up with those of the Democratic States. The outbreak of the war in the Pacific endangers the vast possessions of Holland, at least for the time being. Huge price recessions therefore took place, especially in issues of companies domiciled in the East Indies. Other markets on the Continent were easy.

Japan Attacks

Peace in the Pacific vanished before the roar of cannon, last Sunday, as Japan unleashed a series of wanton, desperate and unheralded attacks against the United States, British Malaya, the Netherlands East Indies and Thailand. The Pacific member of the Axis endeavored to employ typical Blitzkrieg tactics in a vast area ranging from Hawaii to Singapore, and there is no denying that the surprise moves resulted in heavy damage to all the attacked countries. The initial perplexity passed quickly, however, and in 24 hours formal declarations of war against the Japanese Empire were issued by half a score of countries.

In a few brief hours, and by the decision of the militaristic clique in Tokio, the people of the United States and Japan thus were propelled into an unwanted and unprovoked war. However long and costly the conflict may be, however, there can be no question of the outcome. Throughout the United States the cry rang out that we will finish victoriously the battle that Japan has begun. All signs of dissension and disunity disappeared, as the terrible reports of the Japanese attacks became known.

Months of patient and painful negotiations between Washington and Tokio regarding peace in the Pacific were terminated by the treacherous Japanese in the most abrupt of all possible ways. Even while a final note terminating the discussions was being handed in Washington to Secretary of State Cordell Hull, by the Japanese envoys, bombing airplanes bearing the Rising Sun insignia of Japan were attacking Pearl Harbor in the Hawaiian Islands and a number of other military points under the American flag. The Philippines were bombed, and assaults directed against Guam, Wake and Midway Islands.

Vast Japanese armies swarmed over the border from French Indo-China into Thailand, and landings were made from Japanese transports and warships on Great Britain's Malayan Peninsula. Attacks followed swiftly against Singapore, and some of the troop landings plainly are designed to move against the great British base by land. North Borneo, where important oil fields are located, was invaded by the Japanese. Hongkong was attacked, and the Japanese took over the entire International Settlement at Shanghai.

These moves brought war declarations against Japan by the United States, Great Britain, the Netherlands Government, Canada, Australia and even by China. Various Latin - American Countries promptly demonstrated the solidarity of this Hemisphere by following the United States into war with Japan. Nor was there any doubt that the European and Pacific conflicts soon would be joined in their entirety through recognition of the full state of war between the United States and the European Axis partners. The war now has engulfed almost the entire world, and it is certain that the conflict will be long and bitter.

Military tactics of the war in the Pacific remain to be disclosed, and possibly will not be fully known for some time to come. Movements of American warships have been military secrets for some months, and the requirement for secrecy now is greater than ever before. Plans for every contingency were made long in advance, and it is obvious that they now are being placed in operation. Defense of the United States against the attacking Japanese is in full swing.

The effect of this abrupt change on the balance of European forces is far from clear, and is a matter of considerable anxiety. The White House issued a statement, Monday, to the effect that Germany doubtless is largely responsible for the Japanese move, since Berlin hopes for a diversion of American lend-lease aid. Such aid will continue, it was indicated.

War Declarations

Diplomatic moves which Japan brought to an end last Sunday, simultaneously with aggressive attacks in the Pacific region, were designed to find a basis for continued peace. That the situation was deteriorating rapidly was evident for weeks before the final break and attack. Heavy concentrations of Japanese troops in Indo-China brought about the last insistent queries by the United States Government. While Japan was declaring earnestly that reports of such troop concentrations were exaggerated, the attacking forces of that country already were well on their way toward Hawaii, the Philippines, Malaya and the East Indies.

Unfortunately, the diplomatic exchanges were not published until after their failure became known in the form of war. Only when the Japanese bombers were raining death and destruction upon American territory did the Administration in Washington permit the people to know the devious course by which such terrible results were achieved. It remains clear, however, that every effort was made by President Roosevelt and Secretary Hull to avert the catastrophe.

The final gesture by Mr. Roosevelt was a personal appeal to Emperor Hirohito, dispatched last Saturday, in which the withdrawal of Japanese forces from French Indo-China was urged. Like the rest of the correspondence, this note was not published textually until after the issue of war or peace had been decided. Secretary Hull made known at the same time the texts of statements to the Japanese envoys of Nov. 26, and the negative answer received when hostilties already were in progress, last Sunday.

These extraordinary documents deserve far more care and study that has so far been given them in the first fevered flush of war. Mr. Hull proposed a basis of "agreement" covering the Pacific, which entailed the abandonment of force, recognition of the principle of territorial integrity and sovereignty of all nations, noninterference in the internal affairs of others, equality of opportunity, and reliance upon international cooperation and conciliation. He proposed a non-aggression pact embracing all countries bordering the Western Pacific, the withdrawal by Japan of all forces from China and Indo-China, abandonment of extraterritoriality in China, the conclusion of a reciprocal trade treaty, and consequent removal of freezing and trade restrictions, along with a yen stabilization arrangement. Under the Hull proposal, moreover, both countries were to agree that their understandings with third parties were not to conflict with the "fundamental purposes" of the proposed Japanese-American pact.

To this the Japanese Government replied last Sunday with abundant expressions of an injured desire for conciliation, but also with tart comments that the Hull proposals fail to accord with realities in East Asia. It was charged by Tokio that both the United States and Great Britain have obstructed the establishment of peace between China and Japan, through aid to Chungking. The peace of the world, according to the Tokio note, may be brought about only by discovering a mutually acceptable formula through recognition of the reality of the situation and mutual appreciation of respective positions. The accusation was made that the United States was endeavoring to "secure its rear by stabilizing the Pacific area," while it is engaged in aiding Great Britain and preparing to attack, in the name of self-defense, Germany and Italy. On the basis of these and other like declarations the Japanese found the Hull proposals unacceptable as a basis for negotiations.

When making these documents public, after the "treacherous and utterly unprovoked attack" by the Japanese upon the United States, Mr. Hull also released the text of some choice remarks leveled at the Japanese envoys, Kichisaburo Nomura and Saburo Kurusu. "In all my fifty years of public service," he said to the Japanese, "I have never seen a document that was more crowded with infamous falsehoods and distortions—infamous falsehoods and distortions on a scale so huge that I never imagined until today that any government on this planet was capable of uttering them."

After the Japanese attack became known, the machinery of government in Washington began to whirl. President Roosevelt conferred at great length with his naval and military advisers. Counter-moves promptly were instituted against the Japanese. And word was issued that the President would address Congress in person, on Monday, soon after the noon hour. In the light of the Japanese attack a call for a declaration of war was inevitable, and the events that followed were not surprising.

In a brief message, Mr. Roosevelt placed the somber facts before Congress, Monday, and asked for recognition of the existence of a state of war. He described the day of the attack as one that "will live in infamy." One hour after the Japanese bombers had commenced to bomb Hawaii, the Japanese envoys delivered the formal Tokio reply to the American proposals, the President disclosed. The attack necessarily was deliberate and planned days and weeks ago, Mr. Roosevelt added. Severe damage to American naval and military forces occurred, and very many American lives were lost. The various points of Japanese attack were listed in the message and the facts of this surprise offensive were left to speak for themselves. Defensive measures already had been taken, said Mr. Roosevelt, who added that the American people, in their righteous might, will win through to absolute victory.

The Senate, in a matter of minutes, adopted unanimously a resolution declaring war and empowering the President to wage it with the entire military and naval forces of the United States and the resources of the government. To bring the conflict to a successful conclusion, all the resources of the country were pledged by Congress. The House acted soon thereafter, and adopted the resolution with only the single dissenting vote of Jeanette Rankin, of Montana. Thus the issue was joined and formal war was in progress.

Prime Minister Winston Churchill summoned the British Parliament for a session early Monday morning, and informed the House that a war declaration against Japan already had been lodged with the Foreign Office in Tokio. Mr. Churchill dilated on the Japanese assault upon the English-speaking world and assured Parliament that "every circumstance of calculated and characteristic Japanese treachery was employed against the United States." The House and the Empire will notice, said the Prime Minister, that some of the finest ships of the British Navy have reached their stations in the Far East at a "very convenient moment." The ordeal will certainly be hard, and it will probably be long, Mr. Churchill added, "yet when we look around us upon the somber panorama of the world we have no reason to doubt the justice of our cause or that our strength and will power will be sufficient to sustain it." Canada, Australia and the Netherlands Government quickly adopted war resolutions.

Some concern was occasioned, however, by indications that the Government of Thailand was inclined to temporize with the Japanese invaders, after a perfunctory show of resistance. Almost immediately after the Japanese troops poured in from French Indo-China and from the sea, the Thai soldiers ceased firing and truce negotiations with the Japanese were instituted. The Japanese announced, late Monday, that an agreement had been reached for the passage of Japanese troops through Thailand.

Military Intelligence

Bitter lessons of the tactical value of surprise in warfare were learned by the military forces of the United States and by the people, when the Japanese launched at dawn, last Sunday, their desperate attack upon a ring of chosen "enemies." The first action was directed against the great American base at Pearl Harbor, on the Island of Oahu, in the Hawaiians. It soon appeared, however, that this was merely one move in a gigantic and unquestionably well integrated program for "Blitzkrieg" elimination of Occidental forces and influences from the Pacific and East Asia.

At Pearl Harbor the attackers achieved their greatest initial success, and the events at that point stand out for this reason. Successive waves of about 50 planes each, loaded with bombs and aerial torpedoes, soared over the peaceful port at suitable altitudes for their various purposes and wreaked havoc with their weapons. Why the Japanese airplanes were able to approach undetected to within striking distance of Pearl Harbor is a matter that deserves complete investigation. The necessary assumption is that the attackers took off from one or more airplane carriers in waters adjacent to the Islands.

Damage sustained by American forces at Pearl Harbor admittedly is serious, but no full account so far is available. The White House stated on Monday that one of our older battleships capsized and that several other ships were seriously damaged, while one destroyer was blown up and several other smaller craft damaged. Casualties, both military and civilian, were estimated at 3,000, half of them dead. Bombs were dropped in Honolulu, and on military airfields, where direct hits upon barracks were reported. A large number of our airplanes was put out of commission.

There were rumors, on succeeding days, that Japanese airplanes were near or over the Pacific Coast. Some of these reports gained semi-official confirmation, but no confirmation satisfactory to skilled observers was available. New York and other cities on the Atlantic Coast were reported Tuesday to be in danger of immediate attack, and air raid warnings sounded. These cries of "Wolf! Wolf!" are deplorable, as the time now has passed for experiments.

In addition to the attack on Hawaii, the Japanese staged actions against Midway, Wake and Guam Islands, all of which are stations on the American maritime highway to the Far East, and points of immense strategic value. President Roosevelt, in a fireside chat, late Tuesday, warned the people to be prepared for the loss of all three islands. Details of such actions are not available. The Philippines were hit on Sunday, and possibly will be a main point of Japanese attack. Here again, details are meager, but aerial assaults on Manila and on a number of flying fields developed, with damage great in some instances.

Against Thailand the Japanese sent heavy contingents, both by land and sea, and that country apparently capitulated almost immediately. Some of the aggressor forces are reported moving against the Burma Road route into the interior of China, but other and perhaps larger groups are moving toward the Malay Peninsula. From transports the Japanese landed troops near important British airfields in the Malay States. Singapore was attacked from the air on a number of occasions. Attempts were made to land Japanese troops on North Borneo, where oil fields of some importance are located.

Initial clashes between British and Japanese forces in the Far East were no more fortunate than the first results of the Japanese attacks for the United States. Prime Minister Churchill announced sorrowfully yesterday that the great battleship Prince of Wales, 35,000 tons, and the old battlecruiser Repulse, 32,000 tons,

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Foreign Front

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had settled beneath the waves off the Malayan Coast, after heavy Japanese aerial attacks. Landing parties of Japanese admittedly made some progress in the Northeastern corner of the Malay States, where they were said yesterday to hold the important airfield of Kota Bharu. Numerous Japanese transports were sunk, on the other hand, and many of their airplanes were downed.

Hongkong was a further aim of the Japanese, in this Blitzkrieg. Sizeable Japanese forces have been grouped near that island fortress for several years, and when the signal was given last Sunday, they began to move. The Shanghai International Settlement was taken over, and the British gunboat Peterel destroyed there, while the U. S. gunboat Wake was captured. In Northern China, 183 U. S. marines were captured and interned.

As to the military successes achieved by the Japanese, there is some question. The move at Hawaii is a disaster for the United States forces, since sizeable losses are admitted in Washington. The Japanese claimed the sinking there of the battleships Oklahoma, West Virginia and Pennsylvania, and destruction of other ships. They claimed that a Japanese submarine sank an American aircraft carrier in the Pacific, and ended these claims with something of a flourish, Tuesday, by asserting that the balance of naval power in the Pacific had been shifted because of the American losses. These claims, of course, need hardly be taken seriously.

That the way stations of Midway, Wake and Guam were taken by the Japanese seems evident, since Mr. Roosevelt admitted this by implication. In the Philippines some landings of Japanese are reported, and "fifth columnists" from among the extensive Japanese population are said to be aiding the aggressors. Serious fighting is in progress at Hongkong, in North Borneo and Malaya. British spokesmen claim that all Japanese attacks are being parried. Several American transports in the Pacific were subjected to submarine attacks, and on Tuesday the Japanese captured the U. S. liner President Harrison, 10,500 tons, and a number of smaller ships in the China Seas.

This is far from a "cataract of disaster," but it nevertheless is a serious matter. Few claims of effective counterstrokes were advanced in Washington, where the war machinery is only beginning to turn. Ships of the Pacific Fleet steamed out of Pearl Harbor last Sunday to engage the enemy, and from shore points the report of cannonading was heard. American airplanes scoured the Pacific. Some Japanese airplanes were downed on the Hawaiian Islands, but how many is not yet certain.

The grand strategy of the Japanese seems simple enough, since it entails a Blitzkrieg effort to immobilize much of the Pacific Fleet of the United States, and keep the balance close to our own Pacific Coast, so that nefarious work can proceed in the vast sphere of East Asia marked out by the war-mad militarists in Tokio for conquest. The whereabouts of the Asiatic Fleet of the United States naturally is undisclosed and no information is available as to the sizeable British squadron that arrived so fortunately, last week, at Singapore. A number of Netherlands war vessels also are in the far Pacific. All these ships are acting in concert, it is said, and as the force of the democracies is brought to bear the military situation will change.

Within the United States every reasonable precaution for safety has been taken. All Japanese nationals were taken immediately into custody, and additional orders were issued for impounding of Japanese balances in the United States. Controls promptly were established on war news and reports. In British Empire countries similar measures were instituted, and the Japanese, of course, acted in the same manner against American and British nationals within their borders.

Fireside Chat

President Roosevelt reported to the nation in a fireside chat, late Tuesday, the dire events of the preceding days, but disclosed little of the actual military developments. The Japanese attack was described by the President as the "climax of a decade of international immorality" in the Far East. The set-back at Hawaii was "serious," said Mr. Roosevelt, and we must be prepared for word that the important outposts of Guam, Wake and Midway have been seized. The Philippines also are under attack, he added.

To the popular outcry for information on the events in Hawaii, Mr. Roosevelt answered only that full information will be disclosed when two conditions are met. The first of these is official confirmation, and the second is that the information will not be of aid to the enemy. He scoffed at the Japanese claims that naval supremacy has been achieved in the Pacific, in consequence of the Hawaiian assault, but confessed that he did not, himself, yet know the full extent of the damage we sustained at Pearl Harbor, since this depends partly upon the surveys which determine the time necessary for repairs.

Initial moves of the Japanese, said the President, paralleled the course of Hitler and Mussolini in Europe. The events indicate that the Axis considers all lands and all oceans as a battlefield. Indeed, said Mr. Roosevelt, extensive collaboration among the Axis countries obviously existed as the preliminary to the Japanese attack. Germany and Italy consider themselves, he stated, as much at war with the United States as they are with Britain and Russia. Positive knowledge was claimed by the President that Germany promised Japan control of the entire Pacific area, in the effort to get the Japanese into active war.

Contrary to Axis plans, Mr. Roosevelt asserted, the United States will continue to supply with lend-lease aid all countries attacked by the Axis. He called for all-out endeavors and seven-day weeks in the defense effort. The United States now is in the war "all the way," and it will be "not only a long war, but a hard war," Mr. Roosevelt said. As the war aim of the United States, he proclaimed the defeat not only of the Japanese, but also of Hitler and Mussolini.

Russia And Germany

One of the primary developments of the World War occurred in Russia, this week, when German spokesmen admitted an inability to take Moscow this year, and announced that they would "dig in" for the winter on lines indicated by present conditions. These comments were made in Berlin on Monday, after days of frigid weather along the entire Russian front, and after the Russians had thrown the Nazis back a considerable distance in the Southern Ukraine.

Whether this heralds a real turn in the war between Russia and Germany is not entirely certain, although the presumption is clear. The military reverse suffered by the "invincible" Nazis is obvious. But a degree of uneasiness is warranted by disclosure that our own military authorities believe Russia will be out of the war by next July. The failure of Russia to join Britain and the United States immediately in the war that Japan now has started is another factor for conjecture. Among the possibilities suggested by that hesitation is a depletion of Russian forces in Siberia, and a compromise of some sort by the Communists and Nazis, neither of whom can be trusted.

The only "active" sector of the vast Russian front, in recent days, has been the region west of Rostov. Russian spokesmen claimed that the Germans had been driven back east of Taganrog, where some of the Nazis were said to be trapped. German authorities made light of these assertions, and declared that only "local" actions were taking place in Russia. The area west of Moscow, both the Germans and Russians agreed, was locked in the icy Russian winter. Leningrad remained besieged.

Finland, Hungary And Rumania

Extension of the European war on a basis that, it is clear, must remain largely pro forma was effected last Saturday, when the British Government indicated that it considered itself at war with Finland, Hungary and Rumania. This move climaxed long and unsuccessful efforts to take Finland out of the conflict and thus improve the possibilities of supplying Russia through the northern ports of Murmansk and Archangel.

The United States Government shares with Britain the diplomatic defeat entailed in the decision of Finland to continue her war against Russia. Secretary of State Cordell Hull made every effort to persuade the Finnish Government to cease hostilities, and even went so far as to call the Finnish Government a "puppet" of the Hitler forces. Unperturbed by this, as by other charges, the Finns kept on fighting. They denied, in the politest manner, the representations by London and Washington.

Either for military or for diplomatic reasons, or perhaps for a mixture of both, the Russians last week surrendered the base at Hango, within Finnish territory, which they gained under the "peace" settlement imposed after their completely unprovoked attack upon Finland, two years ago. The maneuver gained the Russians nothing, diplomatically. The picked Russian troops in Hango fell in numbers before Finnish and German forces, and many others were captured. Notification of a state of war by the British government followed, on the alleged ground that the Finns were acting in closest collaboration with Germany. The London action against Hungary and Rumania was on the same basis.

African Battle

High hopes which the British entertained of prompt success in the Battle of Libya remain unfulfilled, although the struggle now is in its fourth week. German and Italian units continue to hit back and to hold tenaciously to their positions. In the last few days however, the superior strength of the Empire forces apparently has begun to tell, and the prospect of a genuine British success seems reasonable.

Diplomatic moves of some importance are accompanying the developments in the Western Desert region. German authorities obviously are endeavoring to gain the cooperation of Vichy for African moves that would include the Northern African colonies of France. The United States possibly has taken a hand in the game, for lend-lease aid last week was promised to Turkey.

Feints and thrusts of little immediate importance were reported late last week, in the Libyan campaign. The Germans considered their General, Erwin Rommel, the victor in the initial phases, but admitted that this was only the "first round." Both sides repaired their battered tanks and made dispositions for further fighting. Another stage of the struggle opened last Sunday, and is said in Cairo to be favoring the British Empire forces.

Aerial And Sea Warfare

Hardly any activity was noted in the last few days in the war being waged directly by Great Britain and the German Reich, in Western Europe and on the high seas. Bad weather presumably accounts for the modesty of air raids by either side upon territory of the other. Preoccupation with the struggle in Libya and with the developments of the Far East also may have contributed to this result.

Other than a few sinkings of German commerce raiders by British cruisers in the South Atlantic, the sea struggle has been uneventful, as well. German submarine attacks upon British convoys seemingly have halted altogether, possibly because the Nazis looked forward to a sizable withdrawal of British and American warships from the Atlantic, for service against Japan. Any such withdrawal, of course, would make future German attacks more effective.

The lull in the war, fortunately, has occasioned no diminution of the British effort. The House of Commons gave almost unanimous support, last week, to the Churchill proposal for conscripting womanpower and additional manpower for the war effort, when the bill came up for its first reading.

President Sees Long Hard War, But Victory

(Continued from First Page)

While admitting that "our enemies have performed a brilliant feat of deception," Mr. Roosevelt said the fact is that "modern warfare as conducted in the Nazi manner is a dirty business" and that "we are going to fight it with everything we've got."

In his concluding remarks, the President said the true goal we seek is directed toward "ultimate good as well as against immediate evils," adding that "we are going to win the war and we are going to win the peace that follows."

The text of the President's address follows:

My Fellow Americans:

The sudden criminal attacks perpetrated by the Japanese in the Pacific provide the climax of a decade of international immorality.

Powerful and resourceful gangsters have banded together to make war upon the whole human race. Their challenge has now been flung at the United States of America. The Japanese have treacherously violated the long-standing peace between us. Many American soldiers and sailors have been killed by enemy action. American ships have been sunk, American airplanes have been destroyed.

The Congress and the people of the United States have accepted that challenge.

Together with other free peoples, we are now fighting to maintain our right to live among our world neighbors in freedom, in common decency, without fear of assault.

I have prepared the full record of our past relations with Japan, and it will be submitted to the Congress. It begins with the visit of Commodore Perry to Japan 88 years ago. It ends with the visit of two Japanese emissaries to the Secretary of State last Sunday, an hour after Japanese forces had loosed their bombs and machine guns against our flag, our forces and our citizens.

I can say with utmost confidence that no Americans today or a thousand years hence need feel anything but pride in our patience and in our efforts through all the years toward achieving a peace in the Pacific which would be fair and honorable to every nation, large or small. And no honest person, today or a thousand years hence, will be able to suppress a sense of indignation and horror at the treachery committed by the military dictators of Japan under the very shadow of the flag of peace borne by their special envoys in our midst.

The course that Japan has followed for the past 10 years in Asia has paralleled the course of Hitler and Mussolini in Europe and in Africa. Today it has become far more than a parallel. It is collaboration—actual collaboration—so well calculated that all the continents of the world, and all the oceans, are now considered by the Axis strategists as one gigantic battlefield.

In 1931, 10 years ago, Japan invaded Manchukuo — without warning.

In 1935, Italy invaded Ethiopia—without warning.

In 1938, Hitler occupied Austria—without warning.

In 1939, Hitler invaded Czecho-Slovakia without warning.

Later in 1939, Hitler invaded Poland—without warning.

In 1940, Hitler invaded Norway, Denmark, The Netherlands, Belgium and Luxembourg—without warning.

In 1940, Italy attacked France and later Greece — without warning.

And this year, in 1941, the Axis powers attacked Yugoslavia and Greece and they dominated the Balkans—without warning.

In 1941, also, Hitler invaded Russia—without warning.

And now, Japan has attacked Malaya and Thailand—and the United States—without warning.

It is all of one pattern.

We are now in this war. We are all in it—all the way. Every single man, woman and child is a partner in the most tremendous undertaking of our American history. We must share together the bad news and the good news, the defeats and the victories—the changing fortunes of war.

So far the news has been all bad. We have suffered a serious setback in Hawaii. Our forces in the Philippines, which include the brave people of that commonwealth, are taking punishment, but are defending themselves vigorously. The reports from Guam and Wake and Midway Islands are still confused, but we must be prepared for the announcement that all these three outposts have been seized.

The casualty lists of these first few days will undoubtedly be large. I deeply feel the anxiety of all the families of the men in our armed forces and the relatives of people in cities which have been bombed. I can only give them my solemn promise that they will get news just as quickly as possible.

This Government will put its trust in the stamina of the American people, and will give the facts to the public as soon as two conditions have been fulfilled; first, that the information has been definitely and officially confirmed; and, second, that the release of the information at the time it is received will not prove valuable to the enemy directly or indirectly.

Most earnestly I urge my

countrymen to reject all rumors. These ugly little hints of complete disaster fly thick and fast in war time. They have to be examined and appraised.

As an example, I can tell you frankly that until further surveys are made, I have not sufficient information to state the exact damage which has been done to our naval vessels at Pearl Harbor. Admittedly the damage is serious. But no one can say how serious, until we know how much of this damage can be repaired and how quickly the necessary repairs can be made.

I cite as another example a statement made on Sunday night that a Japanese carrier had been located and sunk off the Canal Zone. And when you hear statements that are attributed to what they call "an authoritative source," you can be reasonably sure from now on that under these war circumstances the "authoritative source" is not any person in authority.

Many rumors and reports which we now hear originate with enemy sources. For instance, today the Japanese are claiming that as a result of their one action against Hawaii they have gained naval supremacy in the Pacific. This is an old trick of propaganda which has been used innumerable times by the Nazis. The purposes of such fantastic claims are, of course, to spread fear and confusion among us, and to goad us into revealing military information which our enemies are desperately anxious to obtain.

Our Government will not be caught in this obvious trap—and neither will the people of the United States.

It must be remembered by each and every one of us that our free and rapid communication these days must be greatly restricted in war time. It is not possible to receive full, and speedy, and accurate reports from distant areas of combat. This is particularly true where naval operations are concerned. For in these days of the marvels of the radio it is often impossible for the commanders of various units to report their activities by radio at all for the very simple reason that this information would become available to the enemy and would disclose their position and their plan of defense or attack.

Of necessity there will be delays in officially confirming or denying reports of operations but we will not hide facts from the country if we know the facts and if the enemy will not be aided by their disclosure.

To all newspapers and radio stations—all those who reach the eyes and ears of the American people—I say this: You have a most grave responsibility to the nation now and for the duration of this war.

If you feel that your Government is not disclosing enough of the truth you have every right to say so. But—in the absence of all the facts, as revealed by official sources—you have no right in the ethics of patriotism to deal out unconfirmed reports in such a way as to have people believe they are gospel truth.

Every citizen, in every walk of life, shares this same responsibility. The lives of our soldiers and sailors—the whole future of this nation—depend upon the manner in which each and every one of us fulfills his obligation to our country.

Now, a word about the recent past—and the future. A year and a half has elapsed since the fall of France, when the whole world first realized the mechanized might which the Axis nations had been building for so many years. America has used that year and a half to great advantage. Knowing that the attack might reach us in all too short a time, we immediately began greatly to increase our industrial strength and our capacity to meet the demands of modern warfare.

Precious months were gained by sending vast quantities of our war material to the nations of the world still able to resist Axis aggression. Our policy rested on the fundamental truth that the defense of any country resisting Hitler or Japan was in the long run the defense of our own country. That policy has been justified. It has given us time, invaluable time, to build our American assembly lines of production.

Assembly lines are now in operation. Others are being rushed to completion. A steady stream of tanks and planes, of guns and ships, and shells and equipment—that is what these 18 months have given us.

But it is all only a beginning of what has to be done. We must be set to face a long war against crafty and powerful bandits. The attack at Pearl Harbor can be repeated at any one of many points, points in both oceans and along both our coast lines and against all the rest of the hemisphere.

It will not only be a long war, it will be a hard war. That is the basis on which we now lay all our plans. That is the yardstick by which me measure what we shall need and demand: money, materials, doubled and quadrupled production — ever increasing. The production must be not only for our own Army and Navy and air forces. It must reinforce the other armies and navies and air forces fighting the Nazis and the war lords of Japan throughout the Americas and throughout the world.

I have been working today on the subject of production. Your Government has decided on two broad policies.

The first is to speed up all existing production by working on a seven-day-week basis in every war industry, including the production of essential raw materials.

The second policy, now being put into form, is to rush additions to the capacity of production by building more new plants, by adding to old plants, and by using the many smaller plants for war needs.

Over the hard road of the past months, we have at times met obstacles and difficulties, divisions and disputes, indifference and callousness. That is now past—and, I am sure, forgotten.

The fact is that the country now has an organization in Washington built around men and women who are recognized experts in their own fields. I think the country knows that the people who are actually responsible in each and every one of these many fields are pulling together with a teamwork that has never before been excelled.

On the road ahead there lies hard work—gruelling work—day and night, every hour and every minute.

I was about to add that ahead there lies sacrifice for all of us.

But it is not correct to use that word. The United States does not consider it a sacrifice to do all one can, to give one's best to our nation, when the nation is fighting for its existence and its future life.

It is not a sacrifice for any man, old or young, to be in the Army or the Navy of the United States. Rather is it a privilege.

It is not a sacrifice for the industrialist or the wage earner, the farmer or the shopkeeper, the trainman or the doctor, to pay more taxes, to buy more bonds, to forego extra profits, to work longer or harder at the task for which he is best filled—rather is it a privilege.

It is not a sacrifice to do without many things to which we are accustomed if the national defense calls for doing without it.

A review this morning leads me to the conclusion that at present we shall not have to curtail the normal use of articles of food. There is enough food today for all of us and enough left over to send to those who are fighting on the same side with us.

But there will be a clear and definite shortage of metals of many kinds for civilian use, for the very reason that in our increased program we shall need for war purposes more than half of that portion of the principal metals which during the past year have gone into articles for civilian use. Yes, we shall have to give up many things entirely.

And I am sure that the people in every part of the nation are prepared in their individual living to win this war. I am sure that they will cheefully help to pay a large part of its financial cost while it goes on. I am sure they will cheerfully give up those material things that they are asked to give up.

And I am sure that they will retain all those great spiritual things without which we can not win through.

I repeat that the United States can accept no result save victory, final, complete. Not only must the shame of Japanese treachery be wiped out, but the sources of international brutality, wherever they exist, must be absolutely and finally broken.

In my message to the Congress yesterday I said that we "will make very certain that this form of treachery shall never endanger us again." In order to achieve that certainty, we must begin the great task that is before us by abandoning once and for all the illusion that we can ever again isolate ourselves from the rest of humanity.

In these past few years—and, most violently in the past three days—we have learned a terrible lesson.

It is our obligation to our dead—it is our sacred obligation to their children and to our children—that we must never forget what we have learned.

And what we all have learned is this:

There is no such thing as security for any nation or any individual—in a world ruled by the principles of gangsterism.

There is no such thing as impregnable defense against powerful aggressors who sneak up in the dark and strike without warning.

We have learned that our ocean-girt hemisphere is not immune from severe attack—that we cannot measure our safety in terms of miles on any map any more.

We may acknowledge that our enemies have performed a brilliant feat of deception, perfectly timed and executed with great skill. It was a thoroughly dishonorable deed, but we must face the fact that modern warfare as conducted in the Nazi manner is a dirty business. We don't like it—we didn't want to get in it—but we are in it and we're going to fight it with everything we've got.

I do not think any American has any doubt of our ability to administer proper punishment to the perpetrators of these crimes.

Your Government knows that for weeks Germany has been telling Japan that if Japan did not attack the United States, Japan would not share in dividing the spoils with Germany when peace came. She was promised by Germany that if she came in she would receive the complete and perpetual control of the whole of the Pacific area—and that means not only the Far East but also all of the islands in the Pacific, and also a stranglehold on the west coast of North, Central and South America.

We know also that Germany and Japan are conducting their military and naval operations in accordance with a joint plan. That plan considers all peoples and nations which are not helping the Axis powers as common enemies of each and every one of the Axis powers.

That is their simple and obvious grand strategy. And that is why the American people must realize that it can be matched only with similar grand strategy. We must realize, for example, that Japanese successes against the United States in the Pacific are helpful to German operations in Libya; that any German success against the Caucasus is inevitably an assistance to Japan in her operations against the Dutch East Indies; that a German attack against Algiers or Morocco opens the way to a German attack against South America and the Canal.

On the other side of the picture, we must learn also to know that guerrila warfare against the Germans in, let us say, Serbia or Norway, helps us that a successful Russian offensive against the Germans helps us, and that British successes on land or sea in any part of the world strengthens our hands.

Remember always that Germany and Italy, regardless of any formal declaration of war, consider themselves at war with the United States at this moment just as much as they consider themselves at war with Britain or Russia. And Germany puts all the other republics of the Americas into the same category of enemies. The people of our sister republics of this hemisphere can be honored by that fact.

The true goal we seek is far above and beyond the ugly field of battle. When we resort to force, as now we must, we are determined that this force shall be directed toward ultimate good as well as against immediate evils. We Americans are not destroyers—we are builders.

We are now in the midst of a war, not for conquest, not for vengeance, but for a world in which this nation, and all that this nation represents, will be safe for our children. We expect to eliminate the danger from Japan, but it would serve us ill if we accomplished that and found that the rest of the world was dominated by Hitler and Mussolini.

So, we are going to win the war and we are going to win the peace that follows.

And in the difficult hours of this day—through dark days that may be yet to come—we will know that the vast majority of the members of the human race are on our side. Many of them are fighting with us. All of them are praying for us. For, in representing our cause, we represent theirs as well—our hope and their hope for liberty under God.

From Washington

(Continued from First Page)

ticularly of the Pacific fleet. Among the Senators at the time, although it is significant of the degenerating influence working upon that body, went around the word that the President wanted to get in some "yes" men. Kimmel, in particular, was said to be a younger man of "more daring" whom Mr. Roosevelt wanted to have in command. At the time, the Senators said freely, though privately, that the President wanted to move vigorously in the Pacific and that the appointment of Kimmel denoted this.

Well, manifestly, the business of moving "freely" has come from the Japs. The Senators and Members of Congress wanted to know all about the debacle and as of this writing, they are in a mood to find out. Though they might quiet down.

A matter of importance is the political problem which Mr. Roosevelt now has on his hands. As reflected in Congress, the American people, though divided on the question of Hitler, are now united against crushing Japan. In this light, they are likely to demand, indeed, it is already being demanded, that there be less or no emphasis on aid to Britain—the business of giving lend-lease funds to the British in Egypt, to Russia and to Turkey—and that we concentrate our efforts on crushing Japan. Already there are complaints in Congress that the reason we have suffered at the hands of the Japs is that we have been giving our equipment to Britain. Such complaints come up in such tense times but it is important that these are the complaints of Congress.

Mr. Roosevelt, rightly or wrongly, still thinks fundamentally in the terms of Hitler. Of course, the prevalent attitude in Congress of shooting the works at Japan and neglecting aid to Britain is right up Hitler's alley. At the President's conference with Congressional leaders Monday night the subject came up of declaring war on Germany and Italy at the same time we did with Japan. And there were several present who wanted to do this. It was decided to wait for an incident which it was confidently expected among those present would come soon, perhaps within a day or so, maybe before this appears in print.

This would greatly ease the President's burden. His idea is an economic war, primarily, on Japan, strangling her to death, without reducing the primary motive of crushing Hitler. After all, notwithstanding the initial disaster to our fleet at Hawaii, the Japanese will have essentially not accomplished anything until they have control of the Dutch East Indies. But neither can we strangle her if our Pacific fleet is to be impaired. The proposition of carrying on an all-out war against Japan and at the same time keeping up the lease-lend is to be Mr. Roosevelt's difficult task to sell to the American people in the next few weeks. They will want all our planes, our ships, sent to avenge the Japanese attack. Mr. Roosevelt will want to keep Hitler foremost in mind. In that light, he would appreciate Hitler declaring war. It would help him mightily in the business of American psychology.

It would have been decided at the White House Sunday night to declare war on Hitler except that it was pointed out that everybody was against Japan and that a declaration of war against Japan alone would bring about unity.

The historians will undoubtedly give some recognition to Jeannette Rankin, Congresswoman of Wyoming. They may study her as a specimen of passing American individualism.

She was in Congress in 1917, one of those woman suffragettes elected to Congress to the chagrin of all masculinity. When it came to voting on World War No. 1, she voted no, and cried just like a woman would. She was retired after one term in Congress.

Came a great running amuck of men again. In the whole Congress and Senate there was but one vote against war with Japan. It was that of Jeannette Rankin, who meanwhile in 1940 had returned to the House.

Platform Adopted By Congress Of American Industry Favors Single Defense Agency

The 46th annual Congress of American Industry, meeting in New York, adopted on Dec. 4 a platform entitled "National Defense and America's Future," in which it called for the establishment of "a single agency with a single head" to guide and expedite the defense program. The platform also called for "a far-sighted national labor policy," assailing defense strikes as "a gift to Hitler," and elimination of non-essential spending. It recommended that civilian production be increased as much as possible without delaying the defense program. It was also suggested that a general Federal sales tax be imposed saying that "over half of the national income now goes to those who are almost untouched by direct taxation."

The platform was unanimously adopted by the Congress, which is sponsored by the National Association of Manufacturers. This 1942 program for industry was prepared by the NAM Industrialists' Resolutions Committee, headed by Charles E. Wilson, President of the General Electric Co.

Following is the text of the platform:

Why are the American people preparing for defense? What do we have at stake? What is America's future? What will happen to our jobs after the war? Will our money have any value? Will we eat as well as we have been eating? Will our children be able to get jobs when they leave school?

These are questions that must be faced now. This is no time for fine phrases. Let us get down to earth and consider some important details of everyday life that are involved in the present struggle.

What is our most cherished possession? For many of us it is the right to say what we please when and where we please; to grumble if we feel like it; to criticize any one in this country from the local town board to the President himself and the members of his Cabinet. There are no concentration camps in America for those who do not vote the "right way." This is political freedom.

What church do you go to on Sunday? Is your minister, your priest, or your rabbi dragged forcibly out of the pulpit for daring to preach the truth as he sees it? Are you yourself forced to slip secretly and at night to the church of your choice? Not in America! This is religious freedom.

If you are offered a better job across the street, do you have to see a political boss before you can take it? If you save a few dollars and want to buy a little store, do you have to ask some Government agent if you can do it? If you don't like your job is a bayonet stuck in your back to keep you at it? Not in America! This is economic freedom.

These freedoms are in danger. They are the freedoms we are preparing to defend.

We have fought for these freedoms in the past. We will fight again, if necessary, that these freedoms may continue a living, vital force in our daily lives.

Therefore the present emergency is a real challenge to all of us. It is a challenge to the power of our belief in political freedom, religious freedom and economic freedom.

During the present emergency it is obvious that we must give the defense agencies the power to do their job. But this increased power must end when the emergency ends. We are not surrendering any of our rights. We are merely lending them because of the emergency.

When the war is over these rights must be recovered. This must never be forgotten. We must not allow this lending of our rights to be used to undermine our free institutions. And we must not let the spread of communism, fascism, nazism, or any other doctrine destroy our free and independent way of living. Otherwise we shall be creating here those very conditions that we are now helping to fight throughout the world.

The immediate problems which we must face are:

Production during the defense period.

Strikes and national defense.

Inflation and the cost of living.

Taxes.

What lies ahead for America.

Production During the Defense Period

Modern wars are wars of machines—of tanks, of guns, of bombs and airplanes and battleships. It is no longer merely army against army; it is factory against factory; it is farm against farm; it is the production of one country against the production of another country.

If defense is to be speeded up and its cost held down, the existing confusion resulting from the conflicting authority and the overlapping of Governmental committees must be ended. There should be a single agency with a single head who has full power to supervise and guide the defense program.

The primary job of this agency would be to speed up the defense program. The Government must decide what kind of goods it needs, how many, and when it needs them. Actual production must be left to our factories. That is, industrial management must have the authority and responsibility for turning out the goods.

Second, the defense agency must plan defense production in such a way that it will cause as little hardship as possible to the civilian population and to those small producers not directly concerned with the defense program. Many of our smaller companies are now being forced out of business because they cannot get materials. Much of this is unnecessary. They could be saved by a more careful distribution of available supplies. These small companies are vital to our future. The jobs of millions of our people, not only at present but in the post-war period as well, depend upon their survival. Their destruction would wreck our whole economic system. Everything possible must be done to save them. The creation and development of a great industry may depend upon the preservation today of some little shop in which a man with an idea is beginning to produce a new product.

Third, the agency should recognize that the proposed armament program is so big, the demand so enormous, and speed so urgent, that even if we should all work harder and longer we still might not have enough raw materials and plant facilities to take care of the defense program and at the same time turn out civilian goods as usual. Where there is an actual shortage of materials it should decide how much can be made available for civilian production but — and this is most important — it should not decide how and where these materials are to be used. It should leave open the possibility that American inventiveness will find a substitute or be able to make the material go farther.

Fourth, the agency should see to it that neither business nor Government is stampeded into hoarding goods by the fear of future shortages. With an orderly flow of production and sensible buying there is reason to believe many threatened shortages will not occur.

Fifth, the agency should guard against any needless interference with the flow of raw materials. It should not issue priorities or make allocations without a thorough investigation by men experienced in the particular field.

Strikes and National Defense

Every strike now is a gift to Hitler—paid for by the American people—paid for not only in dollars and cents but in the loss of badly needed defense supplies and civilian goods. We are convinced that the American workingman does not approve of needless work stoppages called by selfish labor leaders. He does not want American labor blamed for slowing up defense.

If we had a clear and fair national labor policy we would not have these strikes and other work stoppages. Labor leaders would not be allowed to take advantage of the emergency—to force unwilling men to join or stay in a union—to establish closed shop monopolies—to insist upon the check-off of union dues and assessments—to carry on rival union fights—to set aside local government and establish mob rule—even to defy the President of the United States himself.

The present situation must be corrected. We need a far-sighted national labor policy that is fair to all.

The foundation of such a policy should be the right to work and the right to employ. The man who wants to work should be just as free to take a job and stay on a job as the man who wants to stop work is free to quit. It is the clear, inescapable duty of public officials to protect workers and their families against every form of intimidation, coercion or violence.

The right to strike must not be used to destroy the right to work or the right to employ. It should be illegal to call a strike (1) unless more than half of the workers affected vote for it by secret ballot properly supervised; (2) when there is no dispute with the employer—the so-called sympathetic strike; (3) to settle a dispute between rival unions; (4) to bring about a closed shop or any other form of labor contract leading to a union monopoly of employment.

It is recognized, of course, that individuals have just as much right to join together into unions for their mutual benefit as they have to join together in corporations. But no organization, labor union or corporation, should exercise power without corresponding responsibility.

The welfare of the employe. the employer, and the public at large requires that labor unions as well as corporations be legally responsible and fully accountable for their actions and those of their agents. This would weed out labor racketeers and thus protect the public, the individual laborer and the well-run union.

Inflation and the Cost of Living

Inflation creeps up on a nation silently and almost unnoticed. But it can be just as socially destructive as war, and once it has arrived no one is able to escape it.

What exactly does inflation mean to the average citizen? It means that the value of his pay check may be cut in half—that the price of everything he has to buy may be doubled. A pound of meat may cost him more than he now pays for a pair of shoes. A little later a pair of shoes may cost him more than he now pays for a suit of clothes. Still later a suit of clothes may cost him more than he now pays for a new car. In time savings may be wiped out, the value of insurance policies destroyed, investments wrecked and social security become a meaningless phrase.

How can we protect ourselves from this danger? First we must all recognize that an emergency exists. Industry must not misuse this emergency to raise prices; labor must not misuse it to demand an increase of wage rate; Government must not misuse it to boost farm prices.

But this alone will not be enough. We must also:

1. Cut to the bone every non-defense expenditure — Federal State and local. Every public works project which is not vital to national defense should be postponed.

2. Avoid waste in defense spending.

3. Raise a substantial proportion of the cost of the defense program by widely spread taxation and borrow the remainder out of the savings of the country, not from the banks.

4. Increase civilian production as much as possible without delaying the defense program.

5. Release the Government stocks of farm commodities as the cost of living tends to rise.

6. Hold instalment buying in check.

If all of these policies are followed quickly enough and with sufficient vigor we may escape severe inflation in this country. Otherwise a system of rationing and price control for all commodities, wages, rents and services may be necessary to guard against runaway inflation. For a short time that might enable us to escape disaster. It could not prevent great hardship. And to be successful over a long period it would require something very close to complete dictatorship.

Taxes

Unwise taxation can wreck a nation. It can dry up the sources of government revenue. It can destroy our free institutions. It can make impossible the return to a normal way of life after the war is over. In considering our present-day tax problems we must be aware of these dangers.

The maximum number of citizens must contribute their fair share to the support of the Government. Over half of the national income now goes to those who are almost untouched by direct taxation. As one means of reaching this income immediately we recommend a general Federal sales tax payable upon the last sale of all goods and commodities produced for use or consumption.

What Lies Ahead for America

Most of us are seriously concerned about what will happen when the war is over. Will there be a depression? Will millions of jobs end suddenly? Is industry now expanding so fast that many plants will later have to go out of business?

These questions can be answered. When the war is over there will certainly have to be a period of readjustment. Millions of men will be released from our armed forces. Millions of workers now making defense goods will also be seeking jobs. But this does not mean that a major depression is inevitable. Wise policies now and after the defense period can prevent widespread unemployment.

What are these policies? They are the policies which will creat jobs in industry.

What is it that creates such jobs? In peacetimes they are created by the demand for products of industry and the production of goods at prices which people will pay. This involves the investment of money for the operation and expansion of existing plants; for the invention and marketing of new and better products: for the development of new industries.

How can we assure that money will be invested and thus create these new jobs?

1. Make investments attractive by allowing both business and individuals who risk their money to keep enough earnings to make the venture worth while.

2. Have tax policies which encourage, not penalize, "rainy day" reserves and savings.

3. Hold the public debt to a size which will not further endanger the value of our currency.

4. Change our securities law and the regulation of our securities market so that the financing of honest business will not be burdened by unnecessary red tape and expense.

5. Maintain banking and credit policies which will provide enough credit to meet expanding business needs but will prevent excessive speculation.

These suggestions deal primarily with steps which should be taken by the Government. It is equally important that American industry do its part. Plans to this end are already under way in many companies. Every company should review its own situation and do everything possible to prepare for the post-defense period. The Congress of American Industry urges that such plans as the following be considered by business management, for immediate adoption:

1. Develop new and improved products, new designs, new uses for old products, and improve production methods.

2. Use every reasonable means to strengthen the financial position of each business unit.

3. Do not put money in bricks and mortar until maximum production is obtained from present facilities—that is, defer until after the war in so far as possible all new building and expansion of machine facilities.

4. Avoid excessive inventories during the defense period and seek to prevent customers from overbuying.

5. Make every effort to keep costs and prices down.

6. Adopt every reasonable means to maintain regular employment.

7. Plan for the re-training of workers released from the Army and from defense industries when the present emergency ends.

8. Adopt the policy whenever possible of employing and training young men directly out of school or college in order to help build up the long term productive force of the country.

Conclusion

In 1861, in his first annual message to Congress, when the country also faced a grave emergency, Abraham Lincoln said:

"Many independent men everywhere in these States, a few years back in their lives, were hired laborers. The prudent, penniless beginner in the world labors for wages awhile, saves a surplus with which to buy tools or land for himself, then labors on his own account another while, and at length hires another new beginner to help him. This is the just and generous and prosperous system which opens the way to all—give hope to all, and consequent energy and progress and improvement of condition to all. No men living are more worthy to be trusted than those who toil up from poverty—none less inclined to take or touch aught which they have not honestly earned. Let them beware of surrendering a political power which they already possess, and which, if surrendered, will surely be used to close the door of advancement against such as they, and to fix new disabilities and burden upon them, till all of liberty shall be lost."

In the present emergency Lincoln's words are just as true as they were in 1861. We must guard with all our energy the way of life which "opens the way to all—gives hope to all * * * and improvement to all." Under no circumstances will we surrender our fundamental rights. Under no circumstance will we permit destruction of the heritage of freedom that our parents left to us. Under no circumstances will we feel to leave this heritage to our children.

American industry realizes the task that faces it. It will willingly make what sacrifices are necessary. It will produce the machines and equipment needed to defend our freedom. It will do the job with a speed and efficiency that will astonish the world. American industry is proud of its ability to meet the present challenge. It will show that the spirit of freedom is the strongest power on earth, that no amount of slave labor can equal the voluntary cooperation of free men.

A. P. Sloan Calls For Organized Effort By Management To Meet Post-War Challenge

Modernization of the obsolete American production plant is industry's Number One post-war job, Alfred P. Sloan, Jr., Chairman of the General Motors Corporation, said on Dec. 4.

This program calls for all the ingenuity and drive of American management, Mr. Sloan said in a discussion of "Industry's Post-War Responsibilities" before the 46th annual meeting of the National Association of Manufacturers in New York City.

The General Motors organization already has put such a long-range program into effect, Mr. Sloan said. He called it "our 'A. H.' program (After Hitler)."

"Such an approach contemplates accelerating the development of new products, re-engineering existing products, making use of new materials and new methods, and in other ways—thus improving quality and value, particularly having in mind the necessity of lower post-war prices," Mr. Sloan said. "It contemplates the substitution of new instrumentalities in all functional activities wherever gains are possible. Again, lower prices. It contemplates studies to develop the possibilities of further horizontal expansion.

"In total, on the liquidation of the defense program we hope to save available concrete programs for each production unit, engineered and approved and founded on the most modern technology—all ready for action."

Mr. Sloan said that in this "all-out effort to defend the American system of free enterprise, businessmen must give attention to several important factors affecting their activities." These factors and his comments on them follow:

1. *Public debt.* "The tremendous expansion of the public debt, now inevitable, contains the germ of monetary inflation. It demands drastic taxation and an effective control of the price-level. Depression expediencies should be liquidated, non-defense extravagance eliminated."

2. *Price level.* " . . the most important economic problem of the hour as affecting post-war conditions. . . . Inflation is about the worst economic disease . . . Our present policies contemplate an artificial stimulation of farm prices, ignore the factor of wages, attempt to control industrial prices. Inflation has already started. . . . Prices can be controlled, economically; but in all probability *not* politically."

3. *Taxation.* "It seems clear that no more constructive contribution could be made in reestablishing business confidence as we enter the post-war era than a frank recognition now of the fact that the whole present system of federal taxation requires drastic change. . . . It must be based on the concept of encouraging rather than of attempting to regulate and penalize enterprise."

4. *Labor relations.* "We subscribe to the principle of collective bargaining. But we protest against discriminations prescribed by law. Monopolies in general are enemies to the system of free enterprise. But this applies to labor as well as to capital. Labor, if it is to continue to enjoy its great privileges, must be held responsible for its obligations. And again, like capital, should be required to make a public accounting of its acts. We can at least hope something comprehensive will be done."

Mr. Sloan said that manufacturers as industrialists and as citizens have the dual responsibilities of discharging an all-out defense production effort and at the same time preserve the representative democratic system with free enterprise.

"National security, the preservation of a representative democracy, with free enterprise as an instrumentality of national progress—that is what we are fighting for," Mr. Sloan emphasized.

He said that many persons erroneously assume that the end of the war will close another successful episode in the evolution of America.

"Here is where the danger lies," Mr. Sloan added. "We shall be able to deal effectively with physical aggression. But can we deal equally effectively with forces that are attacking our way of living in a more subtle way? There is little doubt . . . that there are far too many among us who look upon the present emergency as a 'heaven-sent' opportunity to alter, or at least importantly to reorganize, the American system of free enterprise. . . . This is no idle thought. The time to begin the fight to win the peace is NOW.

Mr. Sloan said that business must maintain the strongest possible economic positions and the most virile organizations to meet the post-war challenge. He urged that research be expanded rather than curtailed during this period, and by research he explained that he meant the word in its broadest sense as applying to all functional business activities, distribution, labor policies, production and management technique.

Bonds Decline As War Begins

The decline which took place in all sections of the bond market on Monday, following the outbreak of hostilities between the United States and Japan, was extended on Tuesday. While heavy liquidation was not in evidence, losses were general throughout all types of bonds on both days. The Treasury bond average of long term issues stood at 118.17 on Tuesday, down 1.42 from a week ago. Municipal issues lost ground and high-grade corporates were lower than in several months. Lower grades lost several points on the average. Trading was suspended by the Exchange in Japanese issues, while Philippine dollar bonds lost up to 15 points.

Railroad bonds reacted on the war news with sharply lower prices. Among the high-grade issues Union Pacific 4s, 1947, fell 2⅜ points on the week, to 109; Atchison, Topeka & Santa Fe gen. 4s, 1995, declined 3 to 103½. Speculative rails were heavy and in some instances new lows were registered. New York Central junior issues were especially weak. Southern Pacific 4½s, 1981, dropped 5 points to 43½. Northern Ohio 5s, 1945, were up 12 points at 80 upon the Supreme Court's decision holding New York, Chicago & St. Louis RR. liable for interest on the issue.

Utility bonds acted well in the days immediately prior to the declaration of war but the first reaction to that development was unfavorable with selling predominating and covering a wide range of issues. Speculative bonds, of course, reflected the feeling of uncertainty to the greatest extent with losses in American & Foreign Power 5s, 2030, International Tel. & Tel. 4½s, 1952, Laclede Gas 5½s, 1960, Associated Electric 4½s, 1953, and Cities Service 5s, 1950, amounting to 4 or more points on a single day's trading. Weakness in high grades was not as pronounced but declines of a point or more were registered by American Tel. & Tel. 3¼s, 1966, Commonwealth Edison 3½s, 1958, New York Edison 3¼s, 1965, and others. Obligations of Pacific Coast utilities were under considerable pressure.

The industrial section of the list was no exception to the rule of the bond market as a whole, declines for the week having been registered in almost every instance. One outstanding exception, however, was the rise of 4½ points, to a price of 70, registered by the Francisco Sugar 6s, 1956. The Manati Sugar 4s, 1957, rose fractionally on Monday, but showed a 2 point net loss for the week at 44. Losses of one-half to three points were registered among steel company bonds. High-grade oil bonds were down better than a point and other high grades, such as the tobacco company bonds, lost fractions to better than a point. Trading commenced in the new Paramount Pictures 4s, 1956, in a range from 100¾ to 98½.

Foreign bonds have followed the general decline in the other sections of the market. Trading in Japanese loans was suspended while Australian bonds suffered severely with losses of 4 points and more. German and Italian issues dropped to new lows and declines in Danish and Norwegian bonds were substantial. The South American list was weak with losses ranging from one to over 4 points. Canadian issues performed relatively well and declines remained within narrow limits.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings *				Corporate by Groups *		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Dec. 9	118.17	106.39	116.80	113.50	108.16	89.78	95.92	110.88	113.31
8	118.69	107.44	117.80	114.85	109.06	90.91	96.85	111.81	114.85
6	119.59	108.16	118.40	115.43	109.60	91.77	97.31	112.19	115.82
5	119.62	108.16	118.40	115.43	109.60	91.91	97.47	112.19	116.02
4	119.56	108.16	118.60	115.43	109.60	91.91	97.47	112.37	116.02
3	119.58	108.16	118.60	115.43	109.60	91.91	97.47	112.37	116.02
2	119.59	108.16	118.60	115.63	109.60	91.91	97.31	112.37	116.02
1	119.65	108.16	118.40	115.43	109.60	91.91	97.31	112.37	116.02
Nov. 28	119.77	108.16	118.60	115.63	109.60	91.62	97.16	112.37	116.02
21	119.96	108.16	118.60	115.82	109.60	91.77	97.47	112.37	116.02
14	119.98	108.16	118.60	115.82	109.42	91.77	97.31	112.37	116.02
7	120.04	108.34	118.60	116.02	109.60	92.20	97.78	112.37	116.22
Oct. 31	120.03	108.16	118.40	115.82	109.42	92.06	97.47	112.19	116.02
24	119.43	108.16	118.40	115.63	109.42	92.06	97.47	112.19	116.02
17	119.23	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
10	119.16	107.98	118.20	115.24	109.06	91.91	97.16	112.00	116.02
3	119.21	107.98	118.40	115.43	109.06	91.77	97.00	112.00	116.02
Sept 24	118.95	107.44	118.00	114.85	108.70	91.19	96.69	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.81	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.56	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.48	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.54	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	109.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.50
1 Yr. Ago									
Dec. 9, 1940	119.35	106.56	118.80	114.66	106.56	89.37	95.62	110.88	114.46
2 Yrs. Ago									
Dec. 9, 1939	114.62	100.98	113.89	110.34	99.84	83.53	89.37	105.86	109.06

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1941 Daily Average	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Dec. 9	3.37	2.81	2.98	3.27	4.43	4.01	3.12	2.99
8	3.31	2.76	2.91	3.22	4.35	3.95	3.07	2.91
6	3.27	2.73	2.88	3.19	4.29	3.92	3.05	2.86
5	3.27	2.73	2.88	3.19	4.28	3.91	3.05	2.85
4	3.27	2.72	2.88	3.19	4.28	3.91	3.04	2.85
3	3.27	2.72	2.88	3.19	4.28	3.91	3.04	2.85
2	3.27	2.72	2.87	3.19	4.28	3.92	3.04	2.85
1	3.27	2.73	2.88	3.19	4.28	3.92	3.04	2.85
Nov. 28	3.27	2.72	2.87	3.19	4.30	3.93	3.04	2.85
21	3.27	2.72	2.86	3.19	4.29	3.91	3.04	2.85
14	3.27	2.72	2.86	3.20	4.29	3.92	3.04	2.85
7	3.26	2.72	2.85	3.19	4.26	3.89	3.04	2.84
Oct. 31	3.27	2.73	2.86	3.20	4.27	3.91	3.05	2.85
24	3.27	2.73	2.87	3.20	4.27	3.91	3.05	2.85
17	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
10	3.28	2.74	2.89	3.22	4.28	3.93	3.06	2.85
3	3.28	2.73	2.88	3.22	4.29	3.94	3.06	2.85
Sept 24	3.31	2.75	2.91	3.24	4.33	3.96	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
8	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.92
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.02
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.96
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.30
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 Year Ago—								
Dec. 9, 1940	3.36	2.71	2.92	3.36	4.46	4.03	3.12	2.93
2 Years Ago—								
Dec. 9, 1939	3.69	2.96	3.15	3.76	4.90	4.46	3.40	3.22

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Cotton Ginnings Continue About 12% Below '40

The Census Bureau report issued Dec. 8 compiled from the individual returns of the ginners, show 9,595,706 running bales of cotton (counting round as half bales and excluding linters) ginned from the crop of 1941 prior to Dec. 1, compared with 10,866,474 bales from the crop of 1940 at that date last year and 11,110,486 bales two years ago. Below is the report in full:

REPORT ON COTTON GINNING

Number of bales of cotton ginned from the growth of 1941 prior to Dec. 1, 1941 and comparative statistics to the corresponding date in 1940 and 1939.

	RUNNING BALES (Counting round as half bales and excluding linters)		
STATE	1941	1940	1939
United States	*9,595,706	10,866,474	11,110,486
Alabama	769,404	710,715	763,716
Arizona	107,197	102,872	131,796
Arkansas	1,351,766	1,228,111	1,336,080
California	242,205	466,594	389,761
Florida	14,186	17,822	9,616
Georgia	626,911	956,859	900,578
Illinois	5,362	2,759	3,865
Kentucky	16,778	8,639	12,224
Louisiana	309,215	440,498	716,829
Mississippi	1,379,216	1,077,132	1,526,854
Missouri	459,397	295,211	416,299
New Mexico	63,613	90,647	78,287
North Carolina	556,144	692,855	446,672
Oklahoma	562,824	615,378	489,146
South Carolina	398,323	912,487	842,397
Tennessee	565,485	380,776	419,245
Texas	2,145,598	2,847,999	2,617,643
Virginia	22,082	19,120	9,478

*Includes 1,969 bales of the crop of 1941 ginned prior to Aug. 1 which was counted in the supply for the season of 1940-41, compared with 32,187 and 137,254 bales of the crops of 1940 and 1939.

The statistics in this report include 846 round bales for 1941; 3,404 for 1940 and 164,936 for 1939. Included in the above are 35,703 bales of American-Egyptian for 1941; 20,800 for 1940; and 19,204 for 1939; also 2,579 bales Sea-Island for 1941; 4,382 for 1940 and 2,069 for 1939.

The statistics for 1941 are subject to revision when checked against the individual reports being transmitted by mail. The revised total of cotton ginned this season prior to Nov. 14 is 8,809,422 bales.

Consumption, Stocks, Imports, and Exports — United States

Cotton consumed during the month of October, 1941, amounted to 953,600 bales. Cotton on hand in consuming establishments on Oct. 31, was 1,993,293 bales, and in public storages and at compresses 13,342,123 bales. The number of active consuming cotton spindles for the month was 23,043,310. The total imports for the month of Oct. 1941, were 40,696 bales and the exports of domestic cotton, excluding linters, were 161,668 bales.

World Statistics

The world's production of commercial cotton, exclusive of linters, grown in 1939 as compiled from various sources was 27,875,000 bales, counting American in running bales and foreign in bales of 478 pounds lint, while the consumption of cotton (exclusive of linters in the United States) for the year ending July 31, 1939, was 27,748,000 bales. The total number of spinning cotton spindles, both active and idle, is about 145,000,000.

Petroleum And Its Products

The American petroleum industry was placed on a full war-time footing at the Dec. 8 meeting called in Washington by Petroleum Coordinator Ickes to organize the Oil Industry Council for National Defense on the day following the "shoot first-declare war afterward" move of the Japanese Empire. It was a fortunate coincidence that the industry's leaders had previously been summoned to Washington by the Petroleum Coordinator on the same day that saw the United States of America recognize the state of war resulting from the treacherous Japanese attack upon our Far East possessions.

The first immediate move to cope with the new situation involves the transfer of at least twenty oil tankers to the Pacific Coast, where the industry has the burden of supplying the Army and Navy with its petroleum requirements. The only soft spot in the West Coast oil industry in the war picture is that of transportation, and that can be swiftly corrected. The return of the tankers sent to Great Britain during the summer under the Lend-Lease Bill greatly simplifies this problem. Early pooling of the resources of all West Coast oil companies to cope with the emergency is seen. Not only must the tankers withdrawn from the West Coast for loan to Great Britain be replaced, but others must also be sent.

The general petroleum picture on the West Coast in relation to Army and Navy needs is good. Stocks of aviation gasoline total about 2,200,000 barrels, or approximately 30% of the nation's total. A six months' supply of the principal petroleum products, or about 129,000,000 barrels, currently exists and since oil refining capacity is substantially in excess of current needs, it is likely that no aid from other oil areas will be required with the possible exception of special lubricants. Stocks of heavy fuel oil held on the Pacific Coast are large, equaling about 75% of the nation's entire inventories.

Japan since early summer has been cut off from all outside supplies of oil since the United States, which had furnished around 24,000,000 barrels in 1940, and the Dutch East Indies, which had furnished much less, had placed an embargo upon supplies of crude or refined products to the Empire. The war into which Japan has ruthlessly plunged has cut off forever peaceful access to its previous sources of supplies. And. should the Japanese be able to take the Dutch East Indies, by the time the islands had been conquered, the oil fields there would have been thoroughly destroyed.

Several years ago, the Japanese government initiated a ruling requiring each foreign oil company operating there to keep a six month's supply on hand. Current stocks of petroleum in Japan are estimated as sufficient to meet peace-time consumption needs over a 1 to 2-year period. War-time consumption is sharply higher, and increased supplies are constantly needed in China so unless the Japanese gain entrance to fresh sources of supplies within the next year, increased curtailment of its vital military and navy movements due to lack of fuel oil is seen probable.

What is said above of the Japanese oil situation assumes more telling proportions when it is realized that the American petroleum industry will have no difficulty in meeting all military demands for crude and its products from the American armed forces. Civilian consumption will suffer somewhat, mainly in the lack of high-test motor fuel since the Army and Navy will require heavy supplies of aviation and other high-test motor fuel. The mechanization of the United States Army opens up a further drain upon available supplies of crude and refined products but the industry is, and has been prepared, to cope with these demands with no delay.

One probable effect of the war will be enlargement of refining capacity, it is thought. The Government already has plans under way for the tripling of the current capacity of 40,000 barrels daily of aviation gasoline. Now, with the war actually in progress some expansion in refining capacity is seen indicated since the industry currently is running around 90% of capacity and will have to resort to obsolete, high-cost equipment to hit the 100% mark. Stocks of aviation gasoline total nearly 7,000,000 barrels, while holdings of finished and unfinished motor fuel aggregate 80,000,000 barrels.

The Office of Price Administration, on the basis of statements made to the Independent Petroleum Association by Administrator Leon Henderson, has established a policy of not dealing with trade associations "on prices," it was indicated this week. The decision of the OPA was made known in a letter dated Nov. 8 in which Mr. Henderson advised Frank Buttram, head of the Independent Petroleum Association, that "please understand it is not our policy to deal with associations on prices." The IPA has for some time been campaigning for higher crude oil prices and recently submitted a price cost study for consideration by Petroleum Coordinator Ickes and the OPA.

Mr. Buttram, in a letter sent last week to Mr. Henderson in Washington, said that he interpreted Mr. Henderson's statement as "restricting further communications with you, or your office, in regard to this subject (crude prices) and I addressed a letter to you Nov. 14, suggesting that, while this was the natural interpretation, I hoped it was not so intended by you." Mr. Buttram also disclosed that he made an unsuccessful trip to Washington to see Mr. Henderson during which he spent a week in Washington awaiting a reply from Mr. Henderson to this letter.

"The first paragraph of the Bill of Rights states that even Congress cannot pass a law abridging * * * the right of the people peaceably to assemble and petition the government for a redress of grievances," Mr. Buttram said in his latest letter to Mr. Henderson. "Aside from the political philosophy and the right to associated effort, which I will not attempt to discuss with you here, there is a practical phase involved. Not all of the members of the petroleum industry are members of our Association, but we assume that the position you take with us is one of policy and would be consistently followed with regard to other organizations. There are hundreds of thousands of individuals in the petroleum industry who would be affected by your action. Most of them at some time or another 'assembled' themselves together in some sort of an association in order that they might more intelligently 'petition' their government with regard to matters affecting them.

"I am sorry that you take the position that our people may not associate together for the purpose of discussing the price question with you or the members of your staff. In this great industry, there are many small as well as large operators. The large may associate their operations in what are known as corporations. Some of these corporations which are associations of investors have more separate members that any one of the trade associations within the industry. The large have incorporated their operations and you have invited representatives of such associations. The small are scattered throughout the United States. Their problems are as important to them as the problems of the large units are to their own welfare."

The OPA "has nothing against trade associations" as such "but no trade associations can deal with us as spokesmen for their industry," Daniel Ginsberg, general counsel for the OPA, said in Washington. He contended that since associations do not include all members of their industry within their membership, therefore they cannot be regarded as the spokesmen for their industry. He also made the point of probable conflict with the anti-trust laws. In this regard, it will be remembered that Petroleum Coordinator Ickes has assured the petroleum industry that concerted actions taken by it at his request will not lay the industry open to charges of anti-trust violations since under the emergency the Justice Department would be far more lenient than in normal times.

A six-point program designed to bring about conservation in the petroleum industry in the use of steel and other metals for containers in which petroleum products are shipped, stored, distributed and marketed was urged upon the industry by Acting Petroleum Coordinator Ralph K. Davies in Washington this week. He asked chairmen of the industry subcommittees to attend a Dec. 15 meeting in Washington and present recommendations to his office, and the container division of the OPM. Other Washington news included a vigorous protest by Senator Connally, of Texas, against the plans of the Internal Revenue Department to revise its regulations on contract oil well drilling to conform with recent rulings of the Board of Tax Appeals. The revised rules would work great hardships upon the industry, and are unnecessary, Senator Connally said.

The eleven member-States of the Interstate Oil Compact Commission have been notified that the next quarterly meeting will be held in Oklahoma City on December 19-20. The meeting, which will welcome three new members. New York, Pennsylvania and Arkansas, will be devoted to the election of officers, appointment of standing committees and to outlining and planning the Commission's activities for the coming year.

Daily average crude oil production in the United States during the initial week of December showed a gain of 21.350 barrels over the previous week, rising to 4,107,950, the American Petroleum Institute reported today. Higher production totals for Texas, Louisiana and California offset curtailed production in other oil-producing States. Output compared with estimated December market demands of 4.139,000 barrels forecast by the United States Bureau of Mines.

There were no crude oil price changes posted during the week.

Prices of Typical Crude per Barrel At Wells

(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.7
Corning, Pa.	1.31
Eastern Illinois	1.2
Illinois Basin	1.3
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.8
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.1
Signal Hill, 30.9 and over	1.2

Refined Products

A gain of 831,000 barrels in stocks of finished, unfinished and aviation motor fuel was shown during the initial week of December despite a sharp contraction of refining operations and a decline in gasoline production. The American Petroleum Institute report placed total holdings of motor and aviation fuel at 86,356,000 barrels, against 85,525,000 a week earlier, and 80,351,000 barrels on the comparable 1940 date.

A slump of 5 points in refinery operations cut them to 90.1% of capacity, with daily average runs of crude oil to stills dipping 70,000 barrels during the week to total 3,945,000 barrels, against 4,115,000 in the previous seven-day period. A decline also was shown in the production of gasoline during the Dec. 6 week, output easing off to 13,659,000 barrels, against 14,089,000 for the Nov. 29 period. Production, however, was substantially above the 11,514,000-barrel total in the like 1940 period.

Joint passage of a resolution urging the government to allocate sufficient chlorine and pig lead for the manufacture of tetraethyl lead to maintain the gasoline supply for the motoring public at its present high quality by the Refining and Marketing Committees of District No. 1, which embraces the East Coast area, was announced this week by John A. Brown, President of Socony-Vacuum Oil Co., Inc., and Chairman of the District. The two committees were asked by Petroleum Coordinator Ickes to study the problem in view of the proposal by the Office of Civilian Supply of the OPM for a drastic reduction in the use of tetraethyl lead.

The proposal to restrict production of tetraethyl lead would greatly impair the quality of motor fuel and thus in turn make necessary a larger public consumption of a less efficient grade, the committees contended. This would increase the public's motor fuel bill, at a minimum, by $1[illegible]5,000,000 annually, it was argued. In opposing the OPM proposal, the resolution pointed out that "no question of the inadequacy of the supply of any one of these materials for direct defense requirements has appeared. The question is solely one of the relative economic gain or loss through the diversion of these raw materials from tetraethyl lead manufacture to other channels of civilian consumption."

The heating oil price structure continued to labor under the pressure of generally contraseasonally warm weather which has held down consumption sharply. Kerosene, however, has been steadier than other fuel oils this being due in part to the expanding consumption of this refined product in the Southeast where it is being used in replacing lighting facilities curbed by the power-shortage and consequent curtailment of power.

Prices showed little change, on the whole, movements being confined for the most part to local readjustments.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vac.	$.085
Tide Water Oil	.09
Texas	.085
y Shell Eastern	.085
Other Cities—	
Chicago	.06-.06⅜
Gulf Coast	.06-.06
Oklahoma	.06-.06⅜

y Super.

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.0525
Philadelphia	.0525
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04⅜-.04¾

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C	$1.50
Diesel	2.15
Savannah, Bunker C	1.30
Philadelphia, Bunker C	1.50
Gulf Coast	$.85-.90
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28,30 D	.053
Tulsa	.03⅝

Agreement On Railroad Pay Averts Strike

The threat of a nation-wide railroad strike, which had been scheduled to start Dec. 7, was formally dissolved on Dec. 5 when representatives of the operating railroad brotherhoods and of the railroads signed an agreement in Chicago. The compromise wage settlement, which had been worked out by President Roosevelt's Emergency Fact-Finding Board, functioning as a mediation agency, was reached in Washington on Dec. 1. The agreement, made public Dec. 2, provides for wage increases of 9½ cents an hour, or 76 cents a day, for 350,000 operating workers and raises of 10 cents an hour, or 80 cents a day, for the approximately 900,000 non-operating railroad men. It is estimated that the pay-roll increase will add about $300,000,000 to the carriers' annual outlay. In order to offset the higher wages, traffic executives of the railroads decided after a three-day conference in Chicago on proposals for increasing revenues. The program, it is understood, calls for freight and passenger rate increases, to be sought in petitions to the Interstate Commerce Commission.

This procedure of meeting wage gains by rate increases had been suggested by the President's Fact-Finding Board.

The mediation settlement provides that the wage increases be increases in basic rates of pay and not temporary. In its report of Nov. 5, made after lengthy hearings in Chicago, the Board had recommended temporary increases totaling $270,000,000 a year, with the stipulation that they be subject to revision after Dec. 31, 1942. The Board's original recommendations, rejected by both the five operating brotherhoods and the fourteen non-operating unions, although agreed to by the railroad managements, called for pay raises of 7½% for the operating workmen and 13½%, or 9 cents, an hour for non-operating employees. The operating brotherhoods, whose members had been receiving $5.06 a day up, originally asked for an increase of 30%, whereas the non-operating employees sought an increase of 30 to 34 cents an hour over current rate ranging from 35 to 85 cents.

The settlement provides that the 10 and 9½-cent increases be effective as of Dec. 1 but that the previous recommendations for 7½% and 13½% increases be retroactive to Sept. 1.

The agreement provides also for an annual vacation-with-pay scale ranging from 6 to 12 days for clerks and telegraphers, depending upon years of service, and six days for all other non-operating classifications. In its original report the Board has proposed six-day vacations with pay for members of the 14 non-operating brotherhoods.

In its report to the President on Dec. 2 the Board pointed out that "the carriers agreed in the mediation negotiations to increases in basic rates of pay on condition that the railway labor organizations would in turn agree to a moratorium for the period of the national emergency on proposals for changes in rules."

The report also explained:

> It should be said that neither side obtained all that it wanted out of the mediation proceedings, but it was gratifying to see that all of them recognized that when they went into mediation it was essential that they demonstrate a willingness to compromise their differences and adopt a give and take policy.
>
> Their attitudes and sincere efforts to reach a settlement which characterized all of their relations with the board during mediation are a credit to themselves and their principals, and their final willingness to join in the settlement represents a distinct service to their country in this time of emergency.

The five-man Emergency Board, which was headed by Wayne L. Morse, Dean of the University of Oregon Law School, was appointed by President Roosevelt on Sept. 10 and heard the arguments of both parties at meetings in Chicago, held from Sept. 16 to Oct. 22. The Board's formal report, presented to the President on Nov. 5 was then rejected by the employees of both labor groups. At the President's direction the Board reconvened in Washington on Nov. 27 and heard on Nov. 28 and 29 each side reargue the issues involved. After this reargument the Board offered its services to the carriers and employees as a board of mediation and the official representatives of each side accepted the offer. Mediation conferences started the evening of Nov. 29 and lasted, with brief recesses, until the evening of Dec. 1, resulting in the present agreement.

The Board's previous report was referred to in our issue of Nov. 27, page 1230.

Daily Average Crude Oil Production for Week Ended Dec. 6, 1941 Up 21,350 Barrels

The American Petroleum Institute estimates that the daily average oil production for the week ended Dec. 6, 1941 was 4,107,950 barrels. This was an increase of 21,350 barrels over the output of the preceding week and the current week's figure was below the 4,139,000 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during December. Daily average production for the four weeks ended Dec. 6, 1941 is estimated at 4,154,550 barrels. The daily average output for the week ended Dec. 7, 1940 totaled 3,612,600 barrels. Further details as reported by the institute follow:

Reports received from refining companies owning 86.5% of the 4,567,000 barrel estimated daily potential refining capacity of the United States indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,945,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 86,356,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,659,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*a*B. of M. Calculated Requirements (December)	State Allowables	—Actual Production— Week Ended Dec. 6 1941	Change From Previous Week	4 Weeks Ended Dec. 6 1941	Week Ended Dec. 7 1940
Oklahoma	460,000	428,000	*b*416,550	— 8,550	424,100	422,050
Kansas	260,700	264,000	*b*240,700	— 8,500	249,900	183,100
Nebraska	6,100	------	*b*5,850	+ 50	5,850	2,350
Panhandle Texas			99,150	+ 14,050	89,700	80,750
North Texas			107,850	+ 800	109,100	114,000
West Central Texas			31,200	+ 250	31,750	30,850
West Texas			289,300	+ 2,800	298,500	216,650
East Central Texas			86,650	+ 550	86,550	81,300
East Texas			369,300	— 200	386,700	374,850
Southwest Texas			216,650	+ 400	225,150	202,150
Coastal Texas			292,050	+ 850	302,400	244,050
Total Texas	1,479,700	*c*1,555,192	1,492,150	+ 19,500	1,529,850	1,344,600
North Louisiana			81,500	— 100	81,800	68,700
Coastal Louisiana			278,250	+ 11,400	270,200	220,450
Total Louisiana	340,000	354,705	359,750	+ 11,300	352,000	289,150
Arkansas	76,500	75,297	73,950	— 100	73,550	68,700
Mississippi	60,300		*b*74,700	+ 250	76,100	17,200
Illinois	426,500		398,600	— 1,700	397,150	334,850
Indiana	19,700		*b*20,100	+ 1,700	18,550	21,150
Eastern (not incl. Ill and Ind.)	96,900		93,300	— 2,950	94,250	87,050
Michigan	52,300		53,150	— 3,800	57,250	45,150
Wyoming	81,900		85,550	+ 3,500	81,400	70,450
Montana	20,700		21,450	+ 50	21,400	18,150
Colorado	5,800		5,450	+ 100	5,450	3,550
New Mexico	116,100	117,000	117,800	---	117,350	101,100
Total East of Calif.	3,503,200		3,459,050	+ 10,850	3,504,150	3,008,600
California	635,800	*d*613,200	548 900	+ 10,500	650,400	604,000
Total United States	4,139,000		4,107,950	+ 21,350	4,154,550	3,612,600

*a*These are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of December. As requirements may be supplied either from stocks, or from new production contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude to be produced.

*b*Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. Dec. 3.

*c*This is the net basic 31-day allowable as of Dec. 1, but experience indicates that it will increase as new wells are completed, and if any upward revisions are made With a few exceptions the entire State was ordered shut down on Dec. 6, 7, 13, 14, 21, 25, 28 and 30.

*d*Recommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED DEC. 6, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	*Daily Refining Capacity* Potential Rate	*P. C. Reporting*	*Crude Runs to Stills* Daily Aver.	*P. C. Operated*	*Gasoline Produc'n at Refineries Incl. Natural Blended*	*Stocks Finished & Unfinished Gasoline*	*e Stocks of Gas Oil and Distillates*	*e Stocks of Residual Fuel Oil*	*f Stocks Aviation Gasoline*
East Coast	686	100.0	633	92.3	1,898	19,421	21,906	12,151	E. Coast
Appalachian	166	83.8	134	96.4	406	3,472	262	415	623
Ind., Ill., Ky.	752	84.4	608	95.7	2,404	15,539	5,499	4,400	Interior
Okla., Kans., Mo.	413	80.7	245	73,6	1,085	7,945	1,913	2,124	1,485
Inland Texas	263	63.2	124	74.7	644	2,395	457	1,269	
Texas Gulf	1,097	91.0	1,024	102.5	3,486	12,206	6,969	8,006	G. Coast
Louisiana Gulf	172	95.3	149	90.9	449	2,857	1,617	2,331	2,541
No. La. & Arkansas	95	49.9	53	112.8	157	486	324	343	
Rocky Mountain	136	50.1	37	54.4	211	1,144	140	337	Calif.
California	787	90.9	553	77.3	1,554	15,516	12,895	62,791	2,244
Reported		86.5	3,560	90.1	12,294	80,981	52,346	94,167	6,893
Est. unreported			385		1.365	5.375	1,600	1,175	400
*a*Est. Total U. S. Dec. 6, 1941	4,567		3,945		13,659	*b*86,356	53,946	95,342	7,293
*a*Est. Total U. S. Nov. 29, 1941	4,538		4,115		14,089	85,525	54,141	95,971	7,457
U. S. B. of Mines *a*Dec. 7, 1940			3,457		11,514	80,351	44,977	103,657	6,324

a Estimated Bureau of Mines' basis. *b* Finished, 78,417,000 bbl.; unfinished, 7,939,000 bbl. *e* At refineries, bulk terminals, in transit and pipe lines. *f* Included finished and unfinished gasoline total.

Labor Bureau's Wholesale Price Index Back To Record Level Of Mid-November

Commodity prices in wholesale markets continued to fluctuate narrowly, Acting Commissioner Hinrichs of the Bureau of Labor Statistics reported on Dec. 4. During the last week of November the Bureau's index of approximately 900 price series rose 0.1% to equal the 11-year peak reached in mid-November, 92.3% of the 1926 level. Higher prices for agricultural commodities, particularly livestock, largely accounted for the advance.

The Labor Department's announcement further stated:

> In addition to an increase of 0.9% in the farm products group index, hides and leather products rose 0.4% and textile products, chemicals and allied products and housefurnishing goods advanced 0.2% during the week. Foods, on the other hand, declined 0.3%, and metals and metal products decreased 0.1%.
>
> Following a decline of over 5% during the first 3 weeks of November, prices for livestock and poultry reacted sharply and rose 3.7% in the week ended Nov. 29. Cattle prices averaged 10% higher than a week ago, and lambs were up over 9%. Quotations were also higher for ewes, wethers and for live poultry in the New York market. Higher prices were also reported for eggs, apples, onions and for wool. All grains except barley were lower, and hay, seeds, beans, potatoes, and citrus fruits also declined. Average wholesale prices for farm products are 1.8% above a month ago and nearly 32% above a year ago. The decline in the foods group index was largely the result of a decrease of 3.8% in prices for fresh pork and lower quotations for butter, rice, corn meal, pepper and edible tallow. Prices were higher for cured pork, wheat flour, cocoa beans, lard and cottonseed oil. Cattle feed prices continued to decline.
>
> Minor increases were reported in prices for work clothing, underwear and shoes. Goatskins and artificial leather advanced sharply.
>
> Average prices for lumber dropped 0.6%. Quotations were lower for red cedar shingles, Ponderosa pine and for yellow pine boards, drop siding, flooring, lath and timbers. Turpentine, gravel and certain types of builders' hardware, such as knobs and locks, averaged lower than for the preceding week. Prices were higher for cement, rosin, asphalt and for certain types of pine lumber, including yellow pine dimension and finish, and for Idaho and sugar pine.
>
> Reductions were reported in prices for ergot and glycerine. Strychnine advanced sharply, and mixed fertilizers were up nearly 3%.

The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Nov. 1, 1941 and Nov. 30, 1940 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Nov. 22 to Nov. 29, 1941.

(1926 = 100)

Commodity Groups	11-29 1941	11-22 1941	11-15 1941	11-1 1941	11-30 1940	Percentage changes to Nov. 29, 1941 from— 11-22 1941	11-1 1941	11-30 1940
All Commodities	92.3	92.2	92.3	91.6	79.7	+0.1	+0.8	+15.8
Farm products	91.1	90.3	90.7	89.5	69.1	+0.9	+1.8	+31.8
Foods	89.2	89.5	89.6	88.2	73.3	—0.3	+1.1	+21.7
Hides and leather products	115.4	114.9	114.1	114.1	103.1	+0.4	+1.1	+11.9
Textile products	90.6	90.4	90.5	90.3	74.2	+0.2	+0.3	+22.1
Fuel and lighting materials	79.4	79.4	79.6	79.9	72.8	0.0	—0.6	+ 9.1
Metals and metal products	103.3	103.4	103.4	102.2	97.6	—0.1	+1.1	+ 5.8
Building materials	107.4	107.4	107.1	107.3	99.1	0.0	+0.1	+ 8.4
Chemicals and allied products	89.7	89.5	89.5	89.8	77.7	+0.2	—0.1	+15.4
Housefurnishing goods	101.9	101.7	101.6	100.0	90.2	+0.2	+1.9	+13.0
Miscellaneous commodities	87.1	87.1	87.2	85.5	77.4	0.0	+1.9	+12.5
Raw materials	90.2	89.7	89.9	89.1	72.9	+0.6	+1.2	+23.7
Semi-manufactured articles	89.6	89.5	89.6	89.7	80.6	+0.1	—0.1	+11.2
Manufactured products	93.9	94.0	94.1	93.4	83.1	—0.1	+0.5	+13.0
All commodities other than farm products	92.6	92.6	92.7	92.1	82.0	0.0	+0.5	+12.9
All commodities other than farm products and foods	93.7	93.6	93.6	93.1	84.5	+0.1	+0.6	+10.9

Percentage Changes in Subgroup Indexes from Nov. 22 to Nov. 29, 1941

Increases			
Livestock and poultry	3.7	Clothing	0.2
Mixed fertilizers	2.7	Paint & paint materials	0.2
Hides and skins	1.9	Other textile products	0.2
Hosiery and underwear	1.1	Cement	0.1
Other building materials	0.6	Cotton goods	0.1
Other foods	0.6	Other miscelaneous	0.1
Furnishings	0.3	Shoes	0.1
Decreases			
Grains	1.1	Lumber	0.6
Meats	1.1	Drugs & pharmaceuticals	0.3
Fruits & vegetables	0.9	Iron and steel	0.2
Cattle feed	0.7	Other farm products	0.2
Dairy products	0.7	Cereal products	0.1
Fertilizer materials	0.1		

Bank Debits Up 23% From Last Year

Bank debits as reported by banks in leading centers for the week ended Dec. 3 aggregated $12,078,000,000. Total debits during the 13 weeks ended Dec. 3 amounted to $142,373,000,000, or 24% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 19% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 27%.

SUMMARY BY FEDERAL RESERVE DISTRICTS

(In millions of dollars)

Federal Reserve District	Week Ended Dec.3, 1941	Week Ended Dec. 4, 1940	13 Weeks Ended Dec. 3, 1941	13 Weeks Ended Dec. 4, 1940
Boston	713	500	7,974	6,706
New York	4,801	4,093	56,695	47,528
Philadelphia	620	541	7,504	5,948
Cleveland	867	664	10,382	8,153
Richmond	490	393	5,853	4,474
Atlanta	375	319	4,723	3,600
Chicago	1,902	1,461	21,415	16,928
St. Louis	388	309	4,847	3,572
Minneapolis	238	185	2,848	2,198
Kansas City	351	280	4,496	3,535
Dallas	302	248	3,829	2,884
San Francisco	1,032	838	11,807	9,378
Total, 274 reporting centers	12,078	9,831	142,373	114,904
New York City*	4,385	3,746	51,759	43,394
140 Other leading centers*	6,665	5,247	78,156	61,679
133 Other centers	1,028	838	12,458	9,832

* Included in the national series covering 141 centers, available beginning with 1919.

Steel Industry Plans Increased Production— Scrap And Pig Iron Shortages Serious

American industry this week went to war with the knowledge that the almost overwhelming demand for its products here and abroad could only be met with an upsurge in production of a magniture never before seen in the country's history, says "The Iron Age" in its issue of Dec. 11, further adding:

First effect of the war declaration was a tendency to sweep away many domestic difficulties, such as strikes in defense plants, and to bring a complete reappraisal of the order books and operating schedules of most big defense plants. On all sides industry was learning to substitute the word "war" for "defense."

From various industrial centers, "Iron Age" observers report plant managers weighing the adoption of the 7-day week, the dropping in some cases of all orders except those for direct war goods, and the conversion of still more non-defense industrial capacity to war needs. War has already sharpened the drive to spread defense work among small metal-working plants so that the plants themselves can be saved and so that production of planes, guns, ships, tanks and other fighting equipment can be brought to victory levels.

Without waiting for official requests from the Government the steel industry, for example, at midweek was already gearing for activity never before seen against obstacles which include serious shortages of such raw materials as scrap and pig iron. While defense orders have consistently been given the right of way in recent months, all companies this week were checking their order books and rolling mill schedules to balance output so that war materials may be produced in the greatest volume with the greatest efficiency and speed.

In the steel producing and consuming industries demands which were believed impossible of fulfillment a month ago are now being reconsidered with the realistic acknowledgement that the Nation is at war.

Machine tool manufacturers told "The Iron Age" this week that the "new sense of urgency" might establish still higher production in that war-stimulated industry.

While early reverses for the U. S. in Japan's attack without warning on Hawaii and other Pacific islands alarmed the public, industry was soberly weighing the significance of this danger to the Pacific lanes by which tin, chromium, tungsten, rubber and other vital materials are brought to U. S. industry. Most important of the Pacific metal imports and one of the hardest to replace is tin, of which the U. S. is declared to have one year's supply.

In the steel industry events at the week's start moved quickly. To head the OPM's Iron and Steel Branch in new efforts to speed production and bring about better distribution, the OPM appointed C. Edward Adams, 60-year-old Chairman of Air Reduction Co., and a Director of the Vanadium Corp. of America and of other companies. Mr. Adams, whose appointment was announced shortly after the U. S. had declared war on Japan, was senior administrative assistant to E. R. Stettinius, Jr., when the latter was OPM Priorities Director. Mr. Adams also served as special consultant to the Industrial Materials Division of the old National Defense Advisory Commission and was once a division administrator of NRA. Assisting Mr. Adams will be a strong staff of consultants, including highly-placed steel executives who are to be called to Washington, in an effort to streamline the steel distribution.

The proposed committee of experienced steel men is expected to help answer the various questions of priorities and allocations on steel products to coordinate the distribution of this metal.

Meanwhile, a survey just completed by "The Iron Age," in cooperation with steel and scrap experts, indicates that with a shortage of iron and steel scrap of close to ten million tons for 1942 and an insufficient supply of this material for 1943 and 1944, Government plans to expand steel-making capacity may merely result in idle capacity.

The immediate problem of the scrap shortage will be examined today (Dec. 11) at a Washington meeting of OPM representatives with buyers and sellers of scrap. During this and recent meetings conversation centered around simplification of grades rather than prices.

As industry entered a new phase of the new World War production race, steel ingot output rose a half point to 97½% from 97% a week ago, a level still a half point above the November peak. The increase resulted from an edging upward of schedules in most major districts.

The Pittsburgh district steel operating rate at midweek was at 99%, unchanged from a week ago, Chicago up 1½ points to 101½, Cleveland and Youngstown up 2 points to 98, Buffalo up 2½ to 92½, South Ohio River up 3½ to 103½, St. Louis 6 points higher at 108, and the Eastern area up 2 points to 102%. Detroit eased a point to 104 while Philadelphia was unchanged at 90½, Wheeling at 93, Birmingham at 95½ and the West at 97%.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Dec. 9, 1941, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Dec. 9, 1941, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	22.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 17
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Dec. 9, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	21.33

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Dec. 8 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 97.5% of capacity for the week beginning Dec. 8, compared with 97.6% one week ago, 96.6% one month ago and 96.0% one year ago. This represents a decrease of 0.1 points or 0.1%, from the preceding week. Weekly indicated rates of steel operations since Dec. 2, 1940, follow:

1940—		Feb 24	96.3%	Jun 2	99.2%	Sep 8	96.9%
Dec 2	96.9%	Mar 3	97.5%	Jun 9	98.6%	Sep 15	96.1%
Dec 9	96.0%	Mar 10	98.8%	Jun 16	99.0%	Sep 22	96.8%
Dec 16	96.8%	Mar 17	99.4%	Jun 23	99.9%	Sep 29	96.9%
Dec 23	80.8%	Mar 24	99.8%	Jun 30	91.8%	Oct 6	98.1%
Dec 30	95.9%	Mar 31	99.2%	Jly 7	94.9%	Oct 13	98.4%
1941—		Apr 7	99.3%	Jly 14	95.2%	Oct 20	97.8%
Jan 6	97.2%	Apr 14	98.3%	Jly 21	96.0%	Oct 27	99.9%
Jan 13	98.5%	Apr 21	96.0%	Jly 28	97.6%	Nov 3	98.2%
Jan 20	96.5%	Apr 28	94.3%	Aug 4	96.3%	Nov 10	96.6%
Jan 27	97.1%	May 5	96.8%	Aug 11	95.6%	Nov 17	97.0%
Feb 3	96.9%	May 12	99.2%	Aug 18	96.2%	Nov 24	95.9%
Feb 10	97.1%	May 19	99.9%	Aug 25	96.5%	Dec 1	97.6%
Feb 17	94.6%	May 26	98.6%	Sep 2	96.3%	Dec 8	97.5%

"Steel" of Cleveland,in its summary of the iron and steel markets, on Dec. 8 stated:

Steel requirements for defense and lend-lease purposes are absorbing an increasing proportion of production. New munitions plants coming into production require further supplies of raw material and established war plants continue to take tonnages as rapidly as mills can provide it.

Expected allocation of steel for an extensive shell program, estimated to require about 1,000,000 tons, puts a further load on producers. This is to be allocated among a number of mills and will carry a high priority. Delivery will be scheduled to meet speed of shell production. Increased shipments of plates to shipbuilders have been ordered, causing corresponding delay for other users. Agricultural implement manufacturers have been given a slightly higher priority rating for December and January as an aid to meeting the food situation. A new price schedule on relaying rails has established maximums.

Plate allocations under the new OPM plan will follow the pattern that has proven of value in pig iron distribution. Producers will file reports each month for the succeeding month, showing production, shipments and unfilled orders. On this basis a schedule of shipments will be formulated for each supplier. Production in excess of schedule will be disposed of only on order of the priorities division. This action on plates followed reports by platemakers that orders with A-10 ratings or higher exceeded November production. It is believed the allocation plan will be applied to other steel products when they reach a similar oversold condition. Application to other steel products is awaited with interest.

Conditions grow worse in regard to scrap and steel production is being curtailed at some points as a result. No general allocation has been put into effect but cases of distress are being met by orders for shipment to consumers in greatest need. An instance last week was an order covering 10,000 tons to Inland Steel Co. at Chicago, to minimize its cut in production. Previous diversion of scrap from Chicago to Ohio River points had contributed to the shortage. The industry considers these diversion orders as futile since they had no effect in increasing supply. Continued reduction of steel production is expected to result during the winter.

Steelworks operations last week advanced 1½ points to 96½%, although lack of scrap and necessity for furnace repair holds several producers at low rates. Pittsburgh recovered 2 points to 98% and Chicago ½-point to 100%. Cincinnati gained 3½ points to 91%, Wheeling 3 points to 95%, Cleveland 1 point to 96½% and Youngstown 4 points to 92%. Eastern Pennsylvania lost 3 points to 87%, Detroit 10 points to 85%, St. Louis 7½ points to 86% and New England 8 points to 92%. Buffalo at 79% and Birmingham at 90% showed no change.

Except for the fact that November had only 30 days a new all-time record in pig iron production probably would have been made. As it was, production of 4,707,194 net tons was only 152,839 tons, 3.2%, below the all-time monthly production of 4,860,033 tons in September. This difference was less than the November average daily rate of 156,906 tons, which was .08% above the October daily rate of 156,775 tons. The November rate was second only to the record reached in September, 157,378 tons. One more blast furnace was in production than in October.

Automotive assemblies continue to decline in accordance with the OPM program of limitation for December. Last week production was 90,205 units, compared with 93,495 the previous week. Last year the corresponding figure was 125,690 cars.

Placing of 2,222 freight cars during November brings the total for 11 months to 113,093 units, compared with 59,708 for the corresponding period last year. The total for the entire year is expected to be about 117,000 cars, the largest in several years..

Lake Superior iron ore movement in November was 7,660,987 gross tons, 41.76% greater than the same month last year and exceeding the former November record of 7,333,826 tons, made in 1917. Shipments to Dec. 1 aggregated 79,281,279 tons, 24.46% over the same period last year and exceeding the largest full-season movement, 65,204,600 tons, in 1929. Continued favorable weather, with a large part of the fleet still in service, indicates an unusual movement in December. This gives foundation for expectation of a season total of more than 80,000,000 tons.

Composite prices continue unchanged, under control by Office of Price Administration: Finished steel, $56.73; semifinished steel, $36.00; steelmaking pig iron, $23.05; steelmaking scrap, $19.17.

English Financial Market--Per Cable

The daily closing quotations for securities, &c., at London, as reported by cable, have been as follows the past week:

	Saturday	Monday	Tuesday	Wednesday	Thursday	Friday
Silver, p. oz. d	Closed	23½d	23½d	23½d	23½d.	23½d
Gold, p. fine oz.	168s	168s	168s	168s	168s	168s
Consols, 2½%	Closed	£82⅛	£82¼	£82⅛	£82 3/16	£82⅛
British 3½% W. L.	Closed	£104¾	£104¾	£104¾	£104 13/16	£104¾
British 4%, 1960-90	Closed	£114½	£114⅝	£114 9/16	£114⅝	£114⅝

The price of silver per oz. (in cents) in the United States on the same days has been:

Bar N. Y. (Foreign	35⅛	35⅛	35⅛	35⅛	35⅛	35⅛
U. S. Treas. (newly mined)	71.11	71.11	71.11	71.11	71.11	71.11

President on Savings And Loan Associations

"Fifth columns simply don't penetrate the ranks of ordinary men and women who own their own homes," President Roosevelt said in a message to the opening of the United States Savings and Loan League convention at Coral Gables, Fla., Dec. 2. He commended the construction of thousands upon thousands of homes for defense workers which has been, according to him, the Savings and Loan Association's answer to the call made upon them last year. The full message of the President to the convention follows:

> When I sent a message to your convention a year ago, I asked your full cooperation in the great task that even then it was apparent lay ahead of us. The call made upon you to assume a major share in the Defense Housing program has been answered by the construction of thousands upon thousands of homes for defense workers. The part you have played in helping the sale of Defense bonds and stamps is an added contribution to the defense effort.
>
> For more than 100 years, savings and loan associations and other thrift institutions have been turning savings into homes. Each home has given an American family a "stake" in its own country and the broad home ownership which extends throughout this land today is one of the basic guarantees of its democratic existence. You have the satisfaction of knowing that your work in past years has helped to make your country incomparably stronger in the face of threats from without and subversive movements from within. Fifth columns simply don't penetrate the ranks of ordinary men and women who own their own homes.
>
> In sending you my greetings as your convention opens, I would like you to know that I fully appreciate that your industry is one of those profoundly affected by the change that has been forced in our national life. Understanding the difficult problems which you face, it is all the more heartening to be told, as I was, that you are entering on your meetings "with realistic thinking about the issues we face today in our world relationships and the determination to make any change or sacrifices to see our country through the emergency."
>
> A convention called in such a spirit is inspiring evidence of the way in which Americans answer to a national emergency.

Unemployment Payments At New Low in October

Federal Security Administrator Paul V. McNutt announced Dec. 3 that unemployment benefit payments dropped to a new low in October for the third successive month, with fewer workers receiving benefits than at any time since the program came into full operation. However, a 28% increase over September in new claims for benefits received by the State unemployment compensation agencies indicates, Mr. McNutt said, that benefit payments may rise during the next few months unless these workers find new jobs quickly. He attributed the increase in claims to several factors — temporary displacement of workers as the result of the shift from nondefense to defense production; lay-offs on account of labor disputes; and tapering off of seasonal construction, agricultural, and canning activities.

The number of jobs filled by the State employment services during October totaled 539,000, a drop of 1% from September instead of the usual September-October increase. The number of placements, however, was second only to the record high of the previous month and was 32% higher than in October, 1940.

Applications for jobs rose 7% to 1,500,000, another probable result, Mr. McNutt said, of priorities lay-offs. A contributing factor, he said, was the release of workers from defense construction projects which were nearing completion. Despite this increase in job seekers, the active file of the employment offices continued to shrink. About 4,200,000 persons were registered for work in October, 123,500 less than in September, and the lowest number on record.

The monthly analyses of State employment security activities prepared by the Bureau of Employment Security of the Social Security Board show, Mr. McNutt said, that the continued month by month drop in benefits this year has brought total payments for the first 10 months of 1940 to approximately $297,000,000 — 35% less than in the corresponding period of 1940. If this trend should continue during the remainder of 1941, he said, payments for the year will be about $185,000,000 less than in 1940. Job placements, on the other hand, have risen sharply during 1941, and thus far total approximately 4,600,000—51% above the volume reached in the first 10 months of the previous year.

Savings and Loan League Meets Today

The annual mid-Winter conference of the New York State League of Savings and Loan Associations convenes today (Dec. 11) at The Waldorf-Astoria, New York City, and will continue through tomorrow. The theme is "Savings and Loan Faces Defense." Approximately 700 delegates from the League's 216 member associations located in all parts of the State are expected to attend.

The Conference will feature the forum type of meeting. Three speakers will each give a series of three lectures on matters of direct concern to the industry in this defense era. Dr. Henry E. Hoagland, Professor of Business Finance at Ohio State University, will give the lectures on Management, under three headings: "Business Leadership", "Inflation" and "Personnel Problems." Dr. Melchior Palyi, visiting professor at the University of Wisconsin, will deliver the series on Economics, his subjects being "The Prospects of War," "The General Outlook in America during and after the War" and "Interest Rates and the Future of Financial Institutions." Granville B. Jacobs, public relations counselor, will lead the discussion on Public Relations, with three lectures entitled "Strategy in Dealing with People," "Commercial Value of Words" and "The Secret of Pleasing People."

Moody's Commodity Index Advances

Moody's Daily Commodity Index advanced from 210.0 a week ago to 213.4 this Tuesday. The most important individual gains were in cotton, hog and wheat prices.

The movement of the index was as follows:

Tuesday, Dec. 2	210.0
Wednesday, Dec. 3	211.3
Thursday, Dec. 4	211.4
Friday, Dec. 5	212.0
Saturday, Dec. 6	211.6
Monday, Dec. 8	214.1
Tuesday, Dec. 9	213.4
Two weeks ago, Nov. 25	207.8
Month ago, Nov. 8	210.0
Year ago, Dec. 9	169.0
1940 High, Dec. 31	171.8
Low, Aug. 16	149.3
1941 High, Sept. 9	219.9
Low, Feb. 17	171.6

Revenue Freight Car Loadings During Week Ended Nov. 29 Amounted To 866,189 Cars

Loading of revenue freight for the week ended Nov. 29, totaled 866,189 cars, the Association of American Railroads announced on Dec. 4. The increase above the corresponding week in 1940 was 137,664 cars or 18.9%, and above the same week in 1939 was 180,693 cars or 26.4%.

Loading of revenue freight for the week of Nov. 29, increased 66,803 cars or 8.4% above the preceding week.

Miscellaneous freight loading totaled 388,614 cars, an increase of 21,341 cars above the preceding week, and an increase of 72,189 cars above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 152,503 an increase of 11,246 cars above the preceding week, and an increase of 2,588 cars above the corresponding week in 1940.

Coal loading amounted to 164,328 cars, an increase of 34,085 cars above the preceding week, and an increase of 20,582 cars above the corresponding week in 1940.

Grain and grain products loading totaled 40,902 cars, a decrease of 120 cars below the preceding week, but an increase of 7,213 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Nov. 29 totaled 25,222 cars, an increase of 75 cars above the preceding week, and an increase of 5,369 cars above the corresponding week in 1940.

Live stock loading amounted to 14,647 cars, an increase of 1,446 cars above the preceding week, but a decrease of 1,092 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Nov. 29 totaled 10,916 cars, an increase of 932 cars above the preceding week, but a decrease of 860 cars below the corresponding week in 1940.

Forest products loading totaled 44,447 cars, an increase of 4,722 cars above the preceding week, and an increase of 5,926 cars above the corresponding week in 1940.

Ore loading amounted to 47,396 cars, a decrease of 7,631 cars below the preceding week but an increase of 29,593 cars above the corresponding week in 1940.

Coke loading amounted to 13,352 cars, an increase of 1,714 cars above the preceding week, and an increase of 665 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding weeks in 1940 and 1939.

	1941	1940	1939
4 Weeks of January	2,740,095	2,557,735	2,288,730
4 Weeks of February	2,824,188	2,488,879	2,282,866
5 Weeks of March	3,817,918	3,123,916	2,976,655
4 Weeks of April	2,793,563	2,495,212	2,225,188
5 Weeks of May	4,160,527	3,351,840	2,926,408
4 Weeks of June	3,510,137	2,896,953	2,563,953
4 Weeks of July	3,413,427	2,822,450	2,532,236
5 Weeks of August	4,464,458	3,717,933	3,387,672
4 Weeks of September	3,539,171	3,135,122	3,102,236
4 Weeks of October	3,657,882	3,269,476	3,355,701
Week of Nov. 1	894,739	794,797	801,108
Week of Nov. 8	873,585	778,318	781,588
Week of Nov. 15	883,839	745,295	766,987
Week of Nov. 22	799,386	733,488	673,113
Week of Nov. 29	866,189	728,525	685,496
Total	39,239,104	33,639,939	31,349,937

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Nov. 29, 1941. During this period 115 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED NOV. 29

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1941	1940	1939	1941	1940
Eastern District—					
Ann Arbor	624	619	610	1,421	1,322
Bangor & Aroostook	1,686	1,034	1,179	252	185
Boston & Maine	8,957	7,092	7,300	12,849	10,393
Chicago, Indianapolis & Louisville	1,839	1,508	1,604	2,416	2,326
Central Indiana	27	7	25	47	40
Central Vermont	1,471	1,254	1,240	2,407	1,995
Delaware & Hudson	5,340	5,160	4,974	10,433	7,991
Delaware, Lackawanna & Western	9,108	8,881	10,083	8,281	7,411
Detroit & Mackinac	466	492	458	175	110
Detroit, Toledo & Ironton	2,745	2,872	2,675	1,301	1,192
Detroit & Toledo Shore Line	364	442	343	4,294	3,479
Erie	15,271	14,035	13,794	14,486	12,918
Grand Trunk Western	6,006	5,956	5,121	8,817	8,182
Lehigh & Hudson River	207	159	158	2,601	2,003
Lehigh & New England	1,627	1,657	1,783	1,308	1,336
Lehigh Valley	9,519	9,433	9,945	9,777	7.194
Maine Central	3,097	2,502	2,708	3,003	2,174
Monongahela	5,721	4,220	4,886	377	226
Montour	2,406	1,665	1,165	27	30
New York Central Lines	52,726	45,621	41,321	46,124	40,323
N. Y., N. H. & Hartford	13,150	9,520	8,866	15,600	13,076
New York, Ontario & Western	991	1,109	1,097	2,256	1,624
N. Y., Chicago & St. Louis	7,157	6,129	5,965	13,278	10,995
N. Y., Susquehanna & Western	591	367	452	1,403	1,399
Pittsburgh & Lake Erie	8,479	7,538	7,383	7,587	6,910
Pere Marquette	7,535	6,780	6,430	6,054	5,670
Pittsburgh & Shawmut	739	460	576	37	39
Pittsburgh, Shawmut & North	428	488	412	320	231
Pittsburgh & West Virginia	828	653	969	2,475	1,876
Rutland	510	493	594	1,090	896
Wabash	6,165	5,434	5,922	10,764	9,437
Wheeling & Lake Erie	5,267	4,215	4,231	4,265	3,522
Total	181,047	157,795	154,269	195,525	166,505
Allegheny District—					
Akron, Canton & Youngstown	676	630	458	1,011	920
Baltimore & Ohio	41,310	34,173	34,186	21,245	17,881
Bessemer & Lake Erie	5,123	3,631	2,588	1,667	1,705
Buffalo Creek & Gauley	295	280	309	5	7
Cambria & Indiana	1,937	1,845	1,477	20	11
Central R.R. of New Jersey	7,422	6,885	6,846	15,114	12,046
Cornwall	656	624	647	68	35
Cumberland & Pennsylvania	296	274	307	26	28
Ligonier Valley	121	150	150	52	35
Long Island	794	929	683	2,585	2,402
Penn-Reading Seashore Lines	1,971	1,504	1,415	1,903	1,579
Pennsylvania System	83,885	66,499	71,749	52,181	43,671
Reading Co.	15,081	14,450	14,228	23,443	20,207
Union (Pittsburgh)	20,172	19,083	19,321	5,054	4,535
Western Maryland	4,507	3,710	3,773	9,446	7,506
Total	184,246	154,667	158,137	133,820	112,568
Pocahontas District—					
Chesapeake & Ohio	28,799	22,298	22,010	12,432	10,559
Norfolk & Western	24,156	21,518	19,086	5,846	5,142
Virginian	4,633	4,457	4,034	1,922	1,517
Total	57.588	48.273	45.130	20.200	17.218
Southern District—					
Alabama, Tennessee & Northern	387	257	233	290	201
Atl. & W. P.—W. R.R. of Ala.	863	745	730	1,969	1,520
Atlanta, Birmingham & Coast	785	709	590	1,218	1,085
Atlantic Coast Line	11,443	10,856	8,963	7,023	6,024
Central of Georgia	4,668	4,100	3,848	3,945	3,305
Charleston & Western Carolina	438	420	435	1,662	1,277
Clinchfield	1,857	1,337	1,359	3,096	2,339
Columbus & Greenville	240	245	318	381	266
Durham & Southern	183	179	175	480	540
Florida East Coast	859	821	707	1,008	1,117
Gainsville Midland	38	37	33	80	89
Georgia	1,375	1,007	913	2,339	1,669
Georgia & Florida	426	337	362	804	457
Gulf, Mobile & Ohio	4,463	3,602	3,335	3,574	2,660
Illinois Central System	28,962	22,263	20,960	15,781	11,806
Louisville & Nashville	25,673	22,715	19,481	7,924	6,179
Macon, Dublin & Savannah	215	128	204	653	694
Mississippi Central	207	134	161	526	396
Nashville, Chattanooga & St. L.	3,181	3,123	2,494	3,488	3,023
Norfolk Southern	1,135	1,068	1,109	1,426	1,147
Piedmont Northern	521	461	393	1,472	1,372
Richmond Fred. & Potomac	498	422	342	6,702	5,094
Seaboard Air Line	10,758	10,300	8,382	6,221	5,562
Southern System	24,095	22,032	20,284	20,107	15,785
Tennessee Central	513	499	357	765	602
Winston-Salem Southbound	166	118	163	1,006	903
Total	123,949	107,915	96,331	93,940	75,111
Northwestern District—					
Chicago & North Western	18,654	15,894	13,780	13,000	11,553
Chicago Great Western	2,609	2,572	2,243	3,405	3,061
Chicago, Milw., St. P. & Pac.	23,496	21,341	18,829	9,247	8,000
Chicago, St. P., Minn. & Omaha	4,675	4,519	3,582	4,215	3,518
Duluth, Missabe & Iron Range	19,353	1,792	627	279	143
Duluth, South Shore & Atlantic	677	594	603	551	474
Elgin, Joliet & Eastern	10,579	9,046	8,445	9,199	8,063
Ft. Dodge, Des Moines & South	479	417	349	121	124
Great Northern	19,217	12,539	9,964	4,044	3,207
Green Bay & Western	633	538	507	744	630
Lake Superior & Ishpeming	2,658	580	218	67	67
Minneapolis & St. Louis	1,947	1,731	1,572	2,197	1,939
Minn., St. Paul & S. S. M.	6,134	5,309	4,306	2,878	2,472
Northern Pacific	12,643	11,844	10,152	4,253	3,553
Spokane International	122	126	145	344	239
Spokane, Portland & Seattle	2,740	2,232	1,594	2,305	1,769
Total	126,616	91,074	76,916	56,849	48,812
Central Western District—					
Atch. Top. & Santa Fe System	22,435	17,416	17,703	8,026	6,325
Alton	3,612	3,235	3,092	2,933	2,110
Bingham & Garfield	639	471	463	100	103
Chicago, Burlington & Quincy	19,001	17,789	15,396	10,420	8.871
Chicago & Illinois Midland	2,611	2,762	2,654	946	781
Chicago, Rock Island & Pacific	12,351	10,696	10,505	11,175	8,245
Chicago & Eastern Illinois	3,092	2,826	2,540	3,398	2,732
Colorado & Southern	1,330	1,504	1,050	1,577	1,515
Denver & Rio Grande Western	4,378	4,220	3,868	3,975	3,211
Denver & Salt Lake	908	916	731	19	10
Fort Worth & Denver City	1,572	1,334	928	1,200	1,337
Illinois Terminal	2,015	1,734	1,993	1,858	1,497
Missouri-Illinois	1,094	915	957	455	436
Nevada Northern	2,020	1,787	1,460	141	126
North Western Pacific	1,152	853	681	511	409
Peoria & Pekin Union	27	20	24	0	0
Southern Pacific (Pacific)	30,543	27,556	24,525	7,718	6,033
Toledo, Peoria & Western	413	328	280	1,544	1,138
Union Pacific System	19,226	18,350	14,633	11,324	10,122
Utah	606	611	465	5	6
Western Pacific	2,890	2,263	1,715	2,945	2,364
Total	131,915	117,586	105,663	70,270	57,376
Southwestern District—					
Burlington-Rock Island	128	132	112	228	297
Gulf Coast Lines	3,858	3,183	2,825	1,958	1,422
International-Great Northern	1,546	1,505	1,479	2,242	2,162
Kansas, Oklahoma & Gulf	242	172	229	1,057	907
Kansas City Southern	2,667	2,141	2,011	2,720	1,826
Louisiana & Arkansas	2,702	2,158	1,938	1,809	1,482
Litchfield & Madison	424	362	391	1,092	956
Midland Valley	633	546	477	270	168
Missouri & Arkansas	162	133	240	383	297
Missouri-Kansas-Texas Lines	4,498	3,900	3,871	3,454	2,753
Missouri Pacific	17,074	14,108	14,228	11,527	9,277
Quanah Acme & Pacific	155	105	73	168	108
St. Louis-San Francisco	9,901	8,039	7,060	6.540	4,163
St. Louis Southwestern	3,291	2,474	2,419	3,569	2,428
Texas & New Orleans	7,912	7,397	6,716	4,103	2,942
Texas & Pacific	5,458	4,692	4,793	5,228	3,727
Wichita Falls & Southern	149	153	166	59	54
Weatherford M. W. & N. W.	28	15	22	40	100
Total	60,828	51,215	49,050	46,447	35,069

Note—Previous year's figures revised.

Fuller Says Government, Industry And Labor Must Cooperate If Nation Is To Endure

Government, industry and labor have got to learn to work together "if the nation is to endure," Walter D. Fuller, President of the National Association of Manufacturers, told the N. A. M. 46th annual Congress of American Industry in his convention keynote address on Dec. 3.

Speaking before several thousand manufacturers from all parts of the country gathered at the Waldorf-Astoria Hotel, New York, Mr. Fuller, who is also President of the Curtis Publishing Co. recommended two eight-point programs, one for industrial management and one for government, to speed up the defense program and assure national unity. He also called for the establishment of an Economic Coordination Council to be made up of elements in our national life which would chart a program to guide the country in the post-armament period.

Cooperation between industry and government would be stimulated, Mr. Fuller said, if the government would:

1. Complete the defense reorganization. We have not even approached the efficiency that is possible.

2. Determine defense requirements and specifications with greater certainty and speed.

3. Operate the allocations plan to discourage hoarding by government as well as by private business. This will keep some civilian business alive and bolster civilian morale.

4. Practice rigid governmental economy in defense and non-defense alike. Avoid putting "defense" labels on nonessentials and previously rejected reforms.

5. Adjust tax burdens so they do not discourage production and thus defeat their basic purpose.

6. Encourage and enact a realistic price control measure, which will not be deflationary on prices and inflationary on costs. Use appropriate taxing measures, sound defense financing, and all possible encouragement of civilian supply

(Continued on page 1472)

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in world production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Dec. 8 as follows:

(August, 1939=100)

	Argentina	Australia	Canada	England	Java	Mexico	New Zeal'd	Sweden	Switzerland	United States
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	r142	157	138	127	123	156	196	138
September	r140	122	145	r157	138	r130	r123	156	202	143
October	140	123	143	159	139	132	126	156	---	141
1941—										
Weeks end.:										
Oct. 4	140	122	145	r159	138	131	125	156	*203	143
Oct. 11	140	122	144	r159	138	132	126	156	---	142
Oct. 18	141	123	143	159	139	132	126	156	---	140
Oct. 25	r140	123	r143	r158	140	132	126	157	---	r140
Nov. 1	r140	124	142	158	140	r133	126	157	---	140
Nov. 8	140	124	142	*158	140	r133	125	157	---	r139
Nov. 15	140	124	142	*157	141	133	124	157	---	r141
Nov. 22	142	124	143	*157	141	133	124	157	---	141
Nov. 29	142	123	143	*158	*141	132	124	157	---	142

* Preliminary. r Revised

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
1940—*Month of—*					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—*Month of—*					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640,188	649,021	554,417	98	--
1941—*Week Ended—*					
June 7	156,188	144,481	500,252	84	81
June 14	158,821	156,439	504,786	88	81
June 21	168,561	153,364	518,755	88	82
June 28	151,114	154,711	509,231	90	82
July 5	149,197	129,019	529,633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,798	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Electric Output For Week Ended Dec. 6, 1941 Shows 13.2% Gain Over Same Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Dec. 6, 1941, was 3,368,870,000 kwh. The current week's output is 13.2% above the output of the corresponding week of 1940 when production totaled 2,975,704,000 kwh. The output for the week ended Nov. 29, 1941 was estimated to be 3,293,415,000 kwh., an increase of 12.3% over the corresponding week a year ago.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

Major Geographic Regions	Week Ended Dec. 6, '41	Week Ended Nov. 29, '41	Week Ended Nov. 22, '41	Week Ended Nov. 15, '41
New England	18.2	23.2	9.5	15.7
Middle Atlantic	10.6	9.9	11.2	10.4
Central Industrial	14.3	13.2	14.5	16.8
West Central	11.9	12.8	14.8	15.9
Southern States	13.8	9.3	13.0	14.3
Rocky Mountain	18.7	16.3	17.4	16.9
Pacific Coast	x9.8	x12.2	x10.5	x12.2
Total United States	13.2	12.3	12.9	14.3

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	Percent Change 1941 from 1940	1939	1938	1937
June 7	3,042,128	2,598,812	+17.1	2,328,756	2,056,509	2,266,759
June 14	3,066,047	2,664,853	+15.1	2,340,571	2,051,006	2,260,771
June 21	3,055,841	2,653,788	+15.2	2,362,436	2,082,232	2,287,420
June 28	3,120,780	2,659,825	+17.3	2,395,857	2,074,014	2,285,362
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760,935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,196,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,960
Aug. 16	3,200,818	2,745,697	+16.6	2,455,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301
Sept 6	3,095,746	2,591,957	+19.4	2,375,852	2,109,985	2,211,398
Sept 13	3,281,290	2,773,177	+18.3	2,532,014	2,279,233	2,338,370
Sept 20	3,232,192	2,769,346	+16.7	2,538,118	2,211,059	2,231,277
Sept 27	3,233,278	2,816,358	+14.8	2,558,538	2,207,942	2,331,415
Oct. 4	3,289,692	2,792,067	+17.8	2,554,290	2,228,586	2,339,384
Oct. 11	3,314,952	2,817,465	+17.7	2,583,366	2,251,089	2,324,750
Oct. 18	3,273,184	2,837,730	+15.3	2,576,331	2,281,328	2,327,212
Oct. 25	3,299,120	2,866,827	+15.1	2,622,267	2,283,831	2,297,785
Nov. 1	3,338,538	2,882,137	+15.8	2,608,664	2,270,534	2,245,449
Nov. 8	3,325,574	2,858,054	+16.4	2,588,618	2,276,904	2,214,337
Nov. 15	3,304,464	2,889,937	+14.3	2,587,113	2,325,273	2,263,679
Nov. 22	3,205,034	2,839,421	+12.9	2,560,962	2,247,712	2,104,579
Nov. 29	3,293,415	2,931,877	+12.3	2,605,274	2,334,690	2,179,411
Dec. 6	3,368,870	2,975,704	+13.2	2,654,395	2,376,541	2,234,135

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	Percent Change 1941 from 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836,992	11,616,238	+19.1	10,185,255	9,170,375	10,036,410
August	14,118,619	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,901,644	11,484,529	+21.0	10,653,197	9,486,866	9,908,314
October	---------	12,474,727	---	11,289,617	9,844,519	10,065,805
November	---------	12,213,543	---	11,087,866	9,893,195	9,506,495
December	---------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for yr.		138,653,997		124,502,309	111,557,727	117,141,591

Fertilizer Assn. Price Average At Peak Level

The weekly wholesale commodity price index compiled by The National Fertilizer Association and issued Dec. 8, moved upward last week to the previous high point recorded in the first week of October, after leveling off during the rest of October and November. This index in the week ended Dec. 6, 1941, rose to 117.2 from 113.6 in the preceding week. It was 116.1 a month ago and 99.0 a year ago, based on the 1935-1939 average as 100.

A sharp rise in farm product prices combined with a more moderate increase in textiles were mainly responsible for the upward spurt in the all-commodity price index. The farm product price index moved into higher ground, the result of advancing quotations for cotton, grains, cattle, and hogs which more than offset declines in lambs, poultry, and eggs. Although increases in the food group outnumbered declines 9 to 5, the food price index rose only fractionally. Continued advances in raw cotton and cotton goods took the textile price index to the highest point reached since 1929. The building material average was higher due to an increase in the price of glass. The only other group index to change during the week was that representing the prices of miscellaneous commodities, which rose slightly, the result of higher cottonseed meal and cattle feed prices.

During the week 31 price series included in the index advanced and 10 declined; in the preceding week there were 25 advances and 15 declines; in the second preceding week there were 27 advances and 16 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	GROUP	Latest Week Dec. 6, 1941	Preceeding Week Nov. 29, 1941	Month Ago Nov. 1, 1941	Year Ago Dec. 7, 1940
25.3	Foods	113.1	113.0	112.5	91.1
	Fats and Oils	124.4	122.2	122.6	68.9
	Cottonseed Oil	149.3	142.9	145.3	66.8
23.0	Farm Products	119.2	117.2	115.7	89.7
	Cotton	163.4	157.7	155.0	92.0
	Grains	109.2	104.6	105.2	86.7
	Livestock	112.5	111.8	109.8	88.4
17.3	Fuels	113.3	113.3	112.3	101.1
10.8	Miscellaneous Commodities	126.2	126.1	125.1	110.9
8.2	Textiles	140.7	139.6	140.0	111.2
7.1	Metals	104.0	104.0	104.0	103.0
6.1	Building Materials	131.2	131.0	131.5	118.5
1.3	Chemicals and Drugs	112.0	112.0	112.3	103.8
.3	Fertilizer Materials	114.8	114.8	114.5	104.6
.3	Fertilizers	109.8	109.8	107.5	103.0
.3	Farm Machinery	100.7	100.7	100.2	99.6
100.0	All Groups Combined	117.2	116.6	116.1	99.0

*Base period changed Jan. 4 from 1926-1928 average to 1935-1939 average as 100. Indexes on 1926-1928 base were: Dec. 6, 1941, 91.3; Nov. 29, 1941, 90.8; Dec. 7, 1940, 77.1.

Board Reports Costs Rising More Rapidly

The production costs of representative industrial companies have been rising more rapidly in the last six months, according to a questionnaire survey of business executives by the Division of Industrial Economics of The Conference Board, New York, made public Dec. 4. Three-fifths of the companies have found that higher labor costs are now the main cause of the increase. A similar survey by The Conference Board last March showed that up to that time higher raw material prices had been the main cause. Regarding the study, the Board's announcement says:

> Many producers, the survey shows, are no longer able to keep unit costs down by means of increased volume, because volume has already reached capacity, or nearly so. Overtime payments have increased labor costs for some producers, and in some factories there has been a decrease in efficiency caused by the employment of inexperienced workers, although, as a general rule, there has been comparatively little change recently in output per employee.
>
> The necessity for using substitutes has been a cause of higher costs in some factories. The substitute materials often cost more than the materials ordinarily used, and in some instances new tools, dies, and fixtures have had to be installed. Some producers assert that the more widespread practice of subcontracting has tended to increase total production costs.
>
> Most companies agree that their ability to absorb any further increases in production costs is limited. But there is a difference of opinion as to whether attempts should be made to pass the increases along to the consumer. Some think that prices should be raised henceforth to offset higher production costs, but others point out that it is difficult, if not impossible, in many instances to raise prices because of competition from other producers and because of price ceilings set by the government. A few manufacturers say that it is still possible for them to absorb further increases in costs, at least in part.

Savings And Building And Loan Associations Loans At New Record

The largest loan disbursement in any quarter of any year in the past 12 was made by the savings, building and loan associations in the third quarter of 1941, the United States Savings and Loan League, Chicago, reported on Nov. 29. September loan volume of $129,934,000, the third largest for ny month so far this year, brought the total for the July-August-September quarter up to $393,633,000. This was 1.9% more than in the April-May-June period, the League noted.

Home construction loans in September were still more than $1,000,000 greater by volume than in the same month of 1940, in spite of the scares about home building stoppages due to Priorities' announcements the latter part of the month. The associations made $40,782,000 worth of loans to build new houses, rounding out a total of $128,687,000 lent for new construction during the quarter. This was a larger volume of new building loans for the three months than during the entire last six months of 1938, it is pointed out by A. D. Theobald, Chicago, Assistant Vice-President of the League.

A new high for the past 12 years was reached in the September volume of loans to purchase existing homes. The League official pointed out that this rising interest in the ownership of real estate, particularly of residential property, was to have been expected in an era of higher prices and that the increasing volume of loans to finance such purchase is not surprising. He said that throughout the third quarter each month saw a larger and larger proportion of the total lending going into purchase loans. During the first half of the year the percentage was 39.65; it rose to 41.87 in July, 43.2 in August and 44.7 in September.

Analysis of September loans and the purpose for which they were made and percentage of loans for each purpose follows:

Pupose	Estimated loans made by all assoc. in U.S.	% of Total
Construction	$40,782,000	31.4
Repair & modernization	5,884,000	4.5
Home purchase	58,052,000	44.7
Refinancing	15,871,000	12.2
Other purposes	9,345,000	7.2
	$129,934,000	

Asks N. E. Governors To Submit Views On Employment Security

President Roosevelt has invited suggestions from New England Governors to help solve "some of the problems that are giving us concern in the field of employment security."

In a telegram to Governor Hurley of Connecticut, made public in Hartford on Nov. 29, the President replied to a request of the New England executives for information concerning the possible federalizaztion of State unemployment insurance funds.

According to the United Press, the President admitted that "ways and means of extending and improving the Social Security Act have been the subject of intensive consideration for some time," but added that "no conclusions have yet been reached as to what amendments should be recommended to the Congress.

"Mass unemployment," Mr. Roosevelt said, "results from causes that are beyond the control of the individual States and that therefore the Federal Government must assume considerable responsibility in this field." The advices quoted further reported:

> The President listed these five problems which, he said, were creating considerable concern:
>
> "Making unemployment compensation generally more adequate and providing unemployment benefits for men who leave the armed forces but are not covered by State laws.
>
> "Simplifying the collection of social insurance contributions, and if possible eliminating the necessity for maintaining fifty-two separate wage record systems.
>
> "Eliminating the inequities to employers with identical experience under differing experience rating systems.
>
> "Strengthening the unemployment reserve funds to enable them to meet the impact of post-defense unemployment.
>
> "Providing adequate employment services in those areas which are not rendering necessary service at present, and improving the administration of employment services in those labor market areas which cut across State lines."
>
> The President told Governor Hurley that "if you wish to make any suggestions as to ways and means of solving the various problems I have mentioned, I will see that they are given proper consideration."

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report stated that the total production of soft coal in the week ended Nov. 29 is estimated at 11,150,000 net tons. This is in comparison with 8,615,000 tons in the preceding week, and 9,712,000 tons in the corresponding week last year.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Nov. 29 was estimated at 808,000 tons, a decrease of 67,000 tons from the preceding week. Output in the corresponding week of 1940 amounted to 918,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL (IN THOUSANDS OF NET TONS), WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			Calendar Year to Date *c*		
	Nov. 29, 1941	Nov. 22, 1941*d*	Nov. 30, 1940	1941	1940	1929
Bituminous coal *a*						
Total, including mine fuel	11,150	8,615	9,712	458,248	411,845	489,668
Daily average	*e*1,936	*f*1,615	1,674	1,640	1,463	1,727
Crude petroleum *b*						
Coal equivalent of weekly output	6,546	6,947	5,342	292,714	282,853	211,874

a Includes for purposes of historical comparison and statistical convenience the production of lignite. *b* Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal Note that most of the supply of petroleum products is not directly competitive with coal ("Minerals Yearbook," 1939, page 702). *c* Sum of 48 full weeks ended Nov. 29, 1941, and corresponding 48 weeks of 1940 and 1929. *d* Revised. *e* Average based on 5.76 working days. *f* Average based on 5.24 working days.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Calendar Year to Date		
	Nov,. 29 1941	Nov. 22, 1941	Nov. 30, 1940	1941	1940 *a*	1929 *a*
Penn. Anthracite—						
Total, incl. colliery fuel *b*	808,000	875,000	918,000	50,233,000	46,167,000	66,183,000
Comm'l production *c*	768,000	831,000	872,000	47,727,000	43,859,000	61,418,000
Beehive Coke—						
U. S. Total	136,100	106,800	99,100	5,702,000	2,519,900	6,085,300
Daily average	22,683	17,800	16,517	20,007	8,947	21,352

(*a*) Adjusted to comparable periods in the three years. (*b*) Includes washery and dredge coal, and coal shipped by truck from authorized operations. (*c*) Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Nov,. 22, 1941	Nov. 15, 1941	Nov. 23, 1940	Nov. 25, 1939	Nov. 23, 1929	Nov. average 1923 *e*
Alaska	4	4	4	3	(*f*)	(*f*)
Alabama	217	333	294	297	284	409
Arkansas and Oklahoma	97	100	99	51	151	100
Colorado	156	154	190	140	277	236
Georgia and North Carolina	1	1	1	1	(*f*)	(*f*)
Illinois	1,170	1,114	1,114	982	1,401	1,571
Indiana	547	495	414	407	400	536
Iowa	66	62	70	65	114	128
Kansas and Missouri	160	166	165	147	157	175
Kentucky—Eastern	601	936	719	751	824	724
Western	230	264	189	175	326	218
Maryland	18	35	30	34	49	35
Michigan	5	8	9	9	17	26
Montana	100	96	80	62	88	83
New Mexico	31	27	22	27	62	62
North and South Dakota	96	106	75	41	*f*56	*f*35
Ohio	620	698	441	425	522	764
Pennsylvania bituminous	1,684	2,579	2,432	2,506	2,933	2,993
Tennessee	141	143	122	126	106	117
Texas	9	9	9	15	18	29
Utah	94	78	98	95	141	112
Virginia	328	416	283	295	244	217
Washington	52	51	41	34	54	72
West Virginia—Southern *a*	1,513	2,332	1,788	1,797	2,021	1,271
Northern *b*	520	855	603	661	742	776
Wyoming	154	148	147	133	179	184
Other Western States *c*	1	*	1	1	*f*7	*f*5
Total bituminous coal	8,615	11,210	9,440	9,280	11,173	10,878
Pennsylvania anthracite *d*	875	1,065	905	806	1,323	1,896
Total, all coal	9,490	12,275	10,345	10,086	12,496	12,774

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. *b* Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. *c* Includes Arizona, California, Idaho, Nevada, and Oregon. *d* Data for Pennsylvania anthracite from published records of the Bureau of Mines. *e* Average weekly rate for entire month. *f* Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

The London Stock Exchange

Quotations of representative stocks as received by cable each day of the past week:

	Sat. Nov. 29	Mon. Dec. 1	Tues. Dec. 2	Wed. Dec. 3	Thur. Dec. 4	Fri. Dec. 5
Boots Pure Drugs		37/6	37/9	37/6	37/6	37/6
British Amer. Tobacco		103/9	105/–	103/9	102/6	102/–
*Cable & W. ord		£71	£71	£71¼	£71	£71
Central Min. & Invest.		£13⅜	£13⅜	£13¼	£13½	£13½
Cons. Goldfields of S. A.		45/9	45/9	45/9	45/9	45/9
Courtaulds (S.) & Co.		35/6	35/9	35/6	35/6	35/6
De Beers		£10 1/16	£10 1/16	£9⅞	£9⅞	£9⅞
Distillers Co.	Closed	74/6	74/6	74/6	74/6	75/6
Electric & Musical Ind.		14/9	14/9	14/9	14/9	14/9
Ford Ltd.		25/–	25/3	25/–	25/–	25/–
Hudsons Bay Company		25/6	25/6	25/6	25/6	25/6
Imp. Tob. of G. B. & I.		132/6	136/3	133/9	134/3	133/6
*London Mid. Ry.		£16	£16¼	£16¼	£16⅝	£16⅞
Metal Box		77/–	77/–	77/–	77/–	77/–
Rand Mines		£7⅛	£7⅛	£7⅛	£7⅛	£7⅛
Rio Tinto		£8	£8	£8	£8	£8
Rolls Royce		92/6	91/3	91/3	91/3	91/3
Shell Transport		65/–	65/–	63/9	63/9	63/9
United Molasses		31/6	31/6	31/3	31/3	31/3
Vickers		18/–	18/–	18/–	18/–	18/–
West Witwatersrand Areas		£5⅜	£5⅜	£5 5/16	£5 5/16	£5 5/16

*Per £100 par value.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Dec. 5 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Nov. 22, 1941, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Nov. 22 (in round-lot transactions) totaled 387,770 shares, which amount was 11.34% of total transactions on the Exchange of 3,657,060 shares. This compares with member trading during the previous week ended Nov. 15 of 462,260 shares or 11.86% of total trading of 4,035,480 shares. On the New York Curb Exchange, member trading during the week ended Nov. 22 amounted to 104,145 shares, or 12.34% of the total volume on that Exchange of 816,045 shares; during the preceding week trading for the account of Curb members of 106,440 shares was 11.17% of total trading of 879,455 shares.

With respect to the figures for the week ended Nov. 15 (see issue of Dec. 4, page 1351) the Commission announces that the Stock Exchange has submitted corrected totals for round-lot transactions of its members for own accounts. The corrections are under item B-1—transactions of specialists—as follows: total purchases should read 256,800, instead of 254,300; the revised short sales total is 49,260, as against the preliminary figure of 48,860; total sales are 234,420 in place of 232,620 and the percentage should be 6.09 compared with the preliminary percentage of 6.03. Under the item giving the number of reports received the specialists' reports (1) should read 185 instead of 184.

The Commission made available the following data for the week ended Nov. 22:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,054	769
1. Reports showing transactions as specialists	186	97
2. Reports showing other transactions initiated on the floor	214	26
3. Reports showing other transactions initiated off the floor	202	31
4. Reports showing no transactions	598	571

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)
Week Ended Nov. 22, 1941

	Total For Week	Per Cent *a*
A. Total Round-Lot Sales		
Short sales	66,350	
Other sales b	3,590,710	
Total sales	3,657,060	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	249,940	
Short sales	41,620	
Other sales b	163,250	
Total sales	204,870	6.22
2. Other transactions initiated on the floor		
Total purchases	106,010	
Short sales	9,000	
Other sales b	68,330	
Total sales	77,330	2.51
3. Other transactions initiated off the floor		
Total purchases	85,430	
Short sales	6,500	
Other sales b	99,070	
Total sales	105,570	2.61
4. Total		
Total purchases	441,380	
Short sales	57,120	
Other sales b	330,650	
Total sales	387,770	11.34

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
Week Ended Nov. 22, 1941

	Total For Week	Per Cent *a*
A. Total Round-Lot Sales		
Short sales	3,975	
Other sales b	812,070	
Total sales	816,045	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	53,270	
Short sales	2,400	
Other sales b	60,940	
Total sales	63.340	7.14
2. Other transactions initiated on the floor		
Total purchases	10,055	
Short sales	800	
Other sales b	11,100	
Total sales	11,900	1.35
3. Other transactions initiated off the floor		
Total purchases	33,880	
Short sales	175	
Other sales b	28,730	
Total sales	28.905	3.85
4. Total		
Total purchases	97,205	
Short sales	3,375	
Other sales b	100,770	
Total sales	104,145	12.34
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	0	
Customers' other sales c	57,347	
Total purchases	57,347	
Total sales	23,734	

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* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

LEGAL ODDITIES

THE MORON MESSENGER

"Take these bonds down to John Doe in the Roe Building, and remember they're strictly cash on delivery and not otherwise," the broker ordered. "There's a statement on the envelope of the exact amount."

"Sure—I understand perfectly," the messenger boy agreed, and promptly delivered the bonds without getting (or even asking for) the cash. The broker nearly went into hysterics, and then dashed to Doe's office to demand the return of the bonds or the cash.

"Cash is out of the question," Doe assured him.

"Then return the bonds. They were sold C. O. D.," the broker pointed out.

"Sure," Doe agreed.

"So the title never passed to you," the broker maintained, "and they're still my bonds."

"Up to a certain point," Doe argued, "but when you delivered them without demanding the cash, that waived the condition; the title passed to me, even if your bright boy disobeyed instructions; the bonds are mine, and I owe you for the price of them."

"I'll go to law first," the broker threatened, but the Supreme Court of Massachusetts (in Scudder vs. Bradbury, 106 Mass. 422) ruled in Doe's favor.

Gov't, Industry, Labor Must Cooperate

(Continuer from page 1469)

as equally valuable inflation controls.

7. Adopt a labor policy that is fair to workers, management and capital alike.

8. For the defense period do not assume that the government has a mandate to re-make America.

For manufacturers, Mr. Fuller laid down the following program:

1. Make defense and make it fast. The American people will never be satisfied with less than our best.

2. Don't wait for Uncle Sam to bring business to you. The defense agencies maintain regional offices, hold clinics and traveling exhibits. Use them to the utmost.

3. Try to adapt your production to defense, but don't think it unpatriotic to seek raw materials if your non-defense requirements are needed to sustain morale among defense employees and the civilian population.

4. Don't buy all the raw materials a bootlegger will sell you. If either private enterprise or government hoards material, the effect will be unnecessarily bad on the civilian manufacturer.

5. Don't profiteer, yet don't apologize for reasonable profits. Capital needs wages in war time the same as labor does. Defense has to be paid for out of taxes on profits.

6. Be sure you are giving labor a square deal, so work stoppages will not be your fault. But, for the sake of defense efficiency and individual liberty, retain the right to hire the best man for each job and to manage your own business in the most efficient manner possible.

7. Start planning now for post-war adjustment. Keep research going. Appoint committees of executives in your company now to study new production and change-overs to come. Accumulate financial reserves, if possible, to cushion post-war unemployment.

8. Finally, manufacturers, make yourselves available to government on call for any task—at home, in Washington, anywhere!

The N. A. M. President revealed that his Association, through one of its standing committees, already was at work on a comprehensive study out of which would emerge a blueprint of action to guide the country during the "great tests" it will have to endure in the post-defense period. This "distinguished" committee, he said, is made up of a group of noted economists whose report will be ready "in a month or so."

Of his proposal for setting up an Economic Coordination Council, Mr. Fuller said that "This would represent national planning of economic policies for government as opposed to economic planning by government for industry." The Council, he added, would be selected from national farm, labor, consumer, banking, industrial and commercial groups and, after the manner of the Royal Commission system in Britain, would have an equal number of government representatives. The Council's work would be advisory, would cover the transition period only and its recommendations would carry on compulsion.

"A group of this character," Mr. Fuller pointed out, "would subject the economic future of the nation to the influence of men of intellectual integrity, sufficiently independent so that they would be responsible only to the obligation of their office."

Turning to the labor situation, Mr. Fuller called on the government to set aside its "afraid-to-act" attitude with respect to unions, adding:

> If we can't get at the heart of this labor mess and cure the cause, let's quit emphasizing any other emergency.

He called for revision of the Wagner Act to provide for equilization of employers and employees before the law; to make unions, as well as business, subject to the anti-trust laws.

He also urged that unions be required to settle jurisdictional and other inter-union troubles without holding up defense production and that unions be required to get and hold members on merit and "not by the blackjack of the closed shop."

"Industrial morale," Mr. Fuller concluded, "is as important an incentive to production speed as the public's morale is to the attainment of unity. It is difficult to switch from factional conflict to national unity overnight; but it is impossible to continue both. There is responsibility on all sides to end this mental distrust and lack of confidence. To be strong, we must work together."

Bank Of The Manhattan Co. Operating Net Income For 1941 To Be 20% Above 1940

Net operating earnings of Bank of the Manhattan Co., New York, for the year ending Dec. 31, 1941, on the basis of present indications, will be more than 20% greater than last year's figure of $2,278,099, J. Stewart Baker, Chairman, told stockholders at the annual meeting on Dec. 2. Mr. Baker added, however, that net profits on the sale of securities in 1941 will be substantially less than in 1940.

In explaining the increase in net operating earnings, Mr. Baker said:

> While the return on loans and investments for the first ten months of this year was 1.84% as compared with 2.03% for the year 1940, the average funds so employed increased 25%, which accounts for the increase in net operating earnings this year, notwithstanding a substantial increase in taxes. In view of this, the Directors plan to declare, in addition to the regular dividend for the current quarter, a special year-end dividend of ten cents per share.

From Mr. Baker's report we also quote:

> Since the first of the year balances carried in the Federal Reserve Bank of New York have averaged 32% of the deposits; $67,800,000 in excess of that required by law. This amount represented the funds of the company which could not be invested profitably in a manner consistent with sound banking practice. On Nov. 1 the reserve requirements were increased from 22¾% to 26% on demand deposits and from 5% to 6% on time deposits. If these reserve requirements had been in effect during the entire year, the excess reserves would have averaged $48,700,000.
>
> On Nov. 15 the United States Government bond portfolio amounted to $170,600,000, compared with $109,700,000 a year ago. The average maturity of these bonds was eight years and three months, 44% maturing in less than five years, 13% maturing between five and ten years and 43% maturing after ten years. Government bonds represented approximately 23% of our total assets.
>
> On Nov. 15th the loans and discounts amounted to $283,300,000, compared with $204,900,000 on Nov. 15, 1940, an increase of 38%. This increase of $78,400,000 is most gratifying, for loans to merchants and manufacturers are, and have been for a great many years, the backbone of the company's business. We have approximately 38% of our total assets in loans and discounts. These loans, ranging from amounts of less than one hundred dollars to several million dollars, have been made for a great many different purposes.
>
> The deposits have averaged so far this year $666,300,000 as compared with $598,400,000 for the year 1940. As we were unable to put all these funds to work, we made no effort to increase deposits by accepting funds which were of a temporary nature.

Mr. Baker reported that the company at the present time is in "fine condition" and added that "if times were normal, I feel I would be warranted in making an optimistic forecast for the coming year. However, times are far from normal and we must be prepared to face new conditions and to adjust ourselves to the changes that are bond to come."

Mr. Baker did not discuss any public questions at the meeting, as had been his custom in previous years, explaining that "it is my belief that at this time when our country faces a grave crisis such discussions serve no useful purpose." He concluded his report by stating:

> We are conscious of the fundamental changes which are taking place in our economic and business life during this national emergency and are prepared to accept them wholeheartedly in order to further the defense effort and cooperate to the fullest extent in meeting the requirements of a war economy.

The Manhattan Company is proud that it has played a part in every crisis in our Nation's history since Revolutionary days. It stands today ready and eager to serve our country to the best of its ability.

U. S. Annual Rayon Yarn Capacity Is Now 450,000,000 Pounds—Nov. Output Down

November shipments of rayon filament yarn in the United States registered a decline as compared with October, records compiled by the "Rayon Organon," published by the Textile Economics Bureau, New York, indicate. Shipments for November approximated 38,600,000 pounds as compared with 41,700,000 pounds produced in October and 34,800,000 pounds in November 1940. The decline in shipments last month chiefly reflected the fewer number of working days in November as compared with October, although the lowering of the average denier spun by producers likewise acted to reduce the poundage output in November.

For the 11 months ended Nov. 30, domestic shipments of yarn totaled 413,300,000 pounds as compared with 354,700,000 pounds in the corresponding 1940 period, an increase of 17%.

Stocks of rayon yarn held by producers on Nov. 30, including reserves held under Government order, totaled 4,500,000 pounds as compared with 5,400,000 pounds reported at the end of October.

In its annual survey covering the present and planned capacity of the United States rayon industry, the "Organon" states that the operating capacity of the filament yarn industry as of November of this year is 450,000,000 pounds annually, and a total annual operating capacity of 470,000,000 pounds is anticipated by July 1942. By March 1943, tentative industry plans indicate an operating capacity of 475,000,000 pounds. In November 1940 the operating capacity was 395,000,000 pounds.

For staple fiber, only the data on installed capacity is available. This data shows that the current installed capacity is rated at 150,000,000 pounds annually and that no additions to capacity are contemplated over the period of the next 18 months.

The following table shows the active rayon producing capacity in place in the United States (in millions of pounds annually):

	Filament yarn†		Staple Fiber
	Installed capacity‡	Operating capacity§	Installed capacity*
Nov., 1941	515	450	150
July, 1942	540	470	150
March, 1943	545	475	150

†For the three dates shown, the acetate yarn comprised somewhat less than 40% of the total capacity.

‡Viscose and cuprammonium yarn at 150 denier and acetate yarn at 120 denier.

§Based on present deniers of yarn spun.

*For all dates shown, the acetate process comprised less than 20% of the total staple capacity shown. This acetate capacity includes that staple made on machines designed especially for that purpose, as well as that staple made on "former yarn capacity."

Cotton Textile Production In U. S. For Ten Months Exceeds Record Year Of 1940

All-time high production of cotton-textiles for the year 1941 has already been attained in the first 10 months' operations, and may exceed 11,500,000,000 square yards of cloth for the full year, according to a report to members of The Association of Cotton Textile Merchants, issued by W. Ray Bell, President of the Association, on Dec. 5. The report states that this estimated production for the year would be an increase of 20% over the previous record year (1940), and of 27% over 1939, the last full pre-defense year. It is said that this record production has been achieved by the industry in its efforts to meet the demands made upon it by the defense program.

Commenting on the figures, Mr. Bell expressed the opinion that discussion of certain shortages, both in the trade and in the press, has neglected to give due credit to the unprecedented production record of the industry. "The demands of the defense program have necessarily caused dislocations in some types of civilian production and shortages in others," he said, "but the present huge production is graphic testimony to the extent to which the industry has succeeded in turning to 3-shift production. For the country as a whole, operations of active machinery averaged 132.5% of 2-shift production during October, a record which would have been practically inconceivable a year ago."

The report states that cotton consumption for 10 months totaled 8,838,000 bales, or approximately 10% more than for the entire 12 months of 1940, which was an all-time peak. Mill operations for the 10 months amounted to 101,331,000,000 active spindle hours, which compare with 98,184,000,000 hours for 12 months of last year.

In the Association's calculations, these census figures of cotton consumption and mill operations represent an over-all production of cotton-textiles approximating 9,891,000,000 square yards, exceeding all of 1940 by 300,000,000 square yards. With November and December production still to be added, Mr. Bell predicted that the final figures for the year would approach the grand total of 11,500,000,000 square yards, making a gain of 2,000,000,000 square yards over the previous peak of 1940.

Urges Saving Now For Income Tax Payments

Copies of a message to taxpayers from the Secretary of the Treasury Morgenthau, urging saving now for income tax payments next year, were sent on Dec. 2 to 20,000 banks and savings and loan associations. It was suggested to the banking institutions that they may wish to use the message in their advertising copy.

National banks were addressed by Comptroller of the Currency Preston Delano and other banks and the savings and loan associations will receive the message as an enclosure in a communication from Chairman Leo T. Crowley of the Federal Deposit Insurance Corporation. The text of the message from Secretary Morgenthau is as follows:

> The folder, "Know Your Taxes," which is being distributed by the Treasury, shows at a glance what you will have to pay in the coming year and how much of your monthly income you should set aside regularly for tax payments.
>
> The purchase of Tax Savings Notes, now on sale by the Treasury, is one way to save systematically and conveniently for this purpose—but the important thing is to save.
>
> I suggest you consult your local bank, savings and loan association, or employer. They will, I am sure, assist you in arranging now a savings plan to provide the money for income tax payments next year.
>
> Financial institutions are now making, and I know will continue to make, a real contribution to the defense program by educating the public to save. By saving and thrift we can combat the threat of inflation which endangers us all.